BOYS AND GIRLS CLUBS OF CENTRAL CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

BOYS AND GIRLS CLUBS OF CENTRAL CAROLINA
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YEAR ENDED DECEMBER 31, 2024

INDEPENDENT AUDITORS' REPORT

Board of Directors
Boys and Girls Clubs of Central Carolina
Sanford, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Boys and Girls Club of Central Carolina, which comprise the statement of financial position as of December 31, 2024, and the related statement of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Boys and Girls Club of Central Carolina as of December 31, 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Boys and Girls Club of Central Carolina and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Empasis-of-Matter Regarding Correction of an Error

As discussed in Note 3 to the financial statements, Boys and Girls Club of Central Carolina entered into lease agreements at terms significantly below market rates. Due to an error, the financial statements previously reported do not reflect the economic impact of this lease agreement. Accordingly, net assets have been restated as of December 31, 2023 to correct the error. Our opinion is not modified in respect of this matter.

Emphasis-of-Matter Regarding Going Concern

As discussed in Note 13 to the financial statements, the Boys and Girls Club of Central Carolina has suffered recurring losses from operations and has a net capital deficiency. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 13. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys and Girls Club of Central Carolina's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Boys and Girls Club of Central Carolina's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys and Girls Club of Central Carolina's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters
The 2023 financial statements of the Boys and Girls Club of Central Carolina were audited by other auditors, whose report dated June 5, 2024, expressed an unmodified opinion on those financial statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Raleigh, North Carolina
February 13, 2026

BOYS AND GIRLS CLUBS OF CENTRAL CAROLINA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 34,999
Investments	364,494
Grants Receivable	113,625
Contributions Receivable	66,516
Other Receivables	18,238
Other Assets	18,040
Occupancy Receivable - Current Portion	155,764
Total Current Assets	771,676
NONCURRENT ASSETS	
Property and Equipment, Net	3,786,013
Beneficial Interest in Assets Held by Community Foundation	163,127
Charitable Remainder Trust	166,400
Right-of-Use Assets - Finance Leases	9,881
Occupancy Receivable - Net of Current Portion	366,797
Total Noncurrent Assets	4,492,218
Total Assets	$ 5,263,894
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	$ 53,467
Accrued Expense	17,967
Payroll Liabilities	39,481
Accrued Vacation	2,100
Deferred Revenues	15,210
Finance Lease Liabilities - Current Portion	5,272
Total Current Liabilities	133,497
NONCURRENT LIABILITIES	
Finance Lease Liabilities - Long Term	9,135
Total Liabilities	142,632
NET ASSETS	
Without Donor Restrictions:	
Operating	410,815
Board Designated	163,127
Net Investment in Property and Equipment	3,786,013
Total Without Donor Restrictions	4,359,955
With Donor Restrictions	761,307
Total Net Assets	5,121,262
Total Liabilities and Net Assets	$ 5,263,894

BOYS AND GIRLS CLUBS OF CENTRAL CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
Public Support and Revenue:			
Public Contributions	$ 719,826	$ 62,500	$ 782,326
Contribution of Nonfinancial Assets and Services	3,324,000	19,194	3,343,194
Non-Government Grants	56,500	-	56,500
Government Funding	501,025	-	501,025
Program Service Fees	92,040	-	92,040
Special Events, Net	2,636	-	2,636
Net Assets Released From Restrictions	290,249	(290,249)	-
Total Public Support and Revenue	4,986,276	(208,555)	4,777,721
Expenses			
Program Services	2,119,084	-	2,119,084
Support Services:			
Management and General	174,504	-	174,504
Fundraising and Development	150,450	-	150,450
Total Support Services	324,954	-	324,954
Total Expenses	2,444,038	-	2,444,038
Changes From Operating Activities	2,542,238	(208,555)	2,333,683
NONOPERATING ACTIVITIES			
Investment Return	42,543	-	42,543
Change in Charitable Remainder Trust	-	3,000	3,000
Changes From Nonoperating Activities	42,543	3,000	45,543
CHANGE IN NET ASSETS	2,584,781	(205,555)	2,379,226
Net Assets - Beginning of Year, As Restated	1,775,174	966,862	2,742,036
NET ASSETS - END OF YEAR	$ 4,359,955	$ 761,307	$ 5,121,262

BOYS AND GIRLS CLUBS OF CENTRAL CAROLINA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	Program	Management and General	Fundraising and Development	Total Expense
Salaries and Wages	$ 863,401	$ 41,491	$ 47,025	$ 951,917
Employee Benefits	56,295	8,242	8,071	72,608
Payroll Taxes	69,277	3,360	3,743	76,380
Total Compensation Expense	988,973	53,093	58,839	1,100,905
Occupancy	120,990	678	678	122,346
Donated Occupancy	155,764	-	-	155,764
Contribution to Affiliate (Foundation)	220,000	-	-	220,000
Program Supplies and Services	103,284	116	129	103,529
Program Food	183,806	-	-	183,806
Staff Expenses	35,068	4,172	8,757	47,997
Office Expense	67,762	5,675	7,735	81,172
Corporate Insurance	54,802	3,847	1,310	59,959
Professional Fees	66,764	88,195	50,075	205,034
Vehicle Expense	29,603	-	-	29,603
Dues and Subscriptions	6,300	2,063	7,919	16,282
Fundraising Events	-	-	10,978	10,978
Equipment Expenses	16,398	2,533	2,533	21,464
Financing Fees	-	7,970	-	7,970
Marketing	499	-	1,497	1,996
Miscellaneous	-	156	-	156
Total Before Depreciation	2,050,013	168,498	150,450	2,368,961
Depreciation and Amortization	69,071	6,006	-	75,077
Total Expenses	$ 2,119,084	$ 174,504	$ 150,450	$ 2,444,038

BOYS AND GIRLS CLUBS OF CENTRAL CAROLINA
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 2,379,226
Adjustments to Reconcile Change in Net Assets to Used by Operating Activities:	
Depreciation Expense	70,551
Amortization of Right-of-Use Asset	4,526
Change in Charitable Remainder Trust	(3,000)
Change in Beneficial Interest	(15,188)
Realized and Unrealized Gain on Investments	(27,355)
Contributed Nonfinancial Assets	(3,324,000)
Donated Occupancy, Net of Amortization	136,570
(Increase) Decrease in Operating Assets:	
Grants Receivable	245,223
Contributions Receivable	275,669
Other Receivables	(9,748)
Other Assets	2,605
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	21,476
Accrued Expense	7,275
Accrued Vacation	(4,300)
Payroll Liabilities	5,588
Deferred Liabilities	3,370
Net Cash Used by Operating Activities	(231,512)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Fixed Assets	(189,819)
Proceeds From Sale of Investments	565,973
Purchases of Investments	(330,000)
Net Cash Provided by Investing Activities	46,154
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal Payments on Financing Leases	(5,117)
Net Cash Used by Financing Activities	(5,117)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(190,475)
Cash and Cash Equivalents - Beginning of Year	225,474
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 34,999
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES	
Contribution of Nonfinancial Assets and Services	$ 3,479,764

NOTE 1 ORGANIZATION

The Boys & Girls Clubs of Central Carolina (the Organization), is a nonprofit organization incorporated in 1995 under the laws of the state of North Carolina. The mission of the Organization is to help youth from all backgrounds, with special concern for those from disadvantaged circumstances, develop the qualities and skills needed to become responsible citizens and leaders.

Description of Program Services

The Organization currently operates from four (4) facility locations: OT Sloan serves approximately 165 members, Wren Family Center serves approximately 65 students, Harnett County location serves approximately 63 members, and Pittsboro location serves approximately 61 members. The Organization offers a wide range of programs that are designed to support the healthy development of young people. These programs are focused on a variety of areas, including academic support, leadership development, life skills, health and wellness, and the arts

Academic Support

The Organization provides various programs aiming to support academic achievement by providing students with resources, guidance, and support to help them succeed in their studies. “Tutoring and Homework Help” program assists students in completing their school assignments. “STEM” programs focus on science, technology, engineering, and math, helping students develop their critical thinking and critical thinking skills. “College Readiness Programs” aim to prepare high school students for college by offering assistance with applications, financial aid, and test preparation. “Mentoring” programs pair students with adult mentors who provide support and guidance on academic and personal matters.

Life Skills

These programs all aim to promote healthy habits and positive behaviors in club members, while also providing them with the skills and knowledge they need to succeed in life. By focusing on areas such as financial literacy, healthy habits, and leadership development, these programs help club members build a strong foundation for their futures. Some examples of these programs are SMART Moves and Money Matters.

Leadership Development

The leadership development program offered by the Organization is called Torch Club. This program is designed to help club members between the ages of 11 and 13 develop leadership skills and become positive role models in their communities through planning and implementing community service projects. We offer a similar program to Torch Club for our members ages 14-18 called Keystone which puts a stronger emphasis on community involvement and volunteerism. In addition, "Career Launch" helps teens explore different career paths, set career goals, and acquire skills necessary to succeed in the workforce through interactive activities, mentoring, and job shadowing opportunities.

NOTE 1 ORGANIZATION (CONTINUED)

Description of Program Services (Continued)

Health and Wellness

Boys and Girls Clubs offer various health and wellness programs that promote healthy lifestyles among club members, including "Triple Play", which includes physical activities, healthy eating habits, and activities promoting positive mental health.

Art

The "Fine Arts" program offered by the Organization allows club members to explore different forms of art, such as painting, drawing, and music, and express themselves creatively through various projects and activities.

NOTE 2 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amounts of support, gains, revenue, and expense recognized during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents. The Organization occasionally maintains deposits in excess of federally insured limits.

Investments

Investments are recorded at purchased cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Grants Receivable

Grants receivable are stated at the amount management expects to collect and consists of amounts due from grant agencies as of December 31, 2024. Balances past due are analyzed individually for collectability. Management determined no allowance was necessary as of December 31, 2024.

NOTE 2 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contribution Receivables

Contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Receivables are stated at the amount management expects to collect from outstanding balances. Based on experience, management believes that the entire amounts are fully collectible; therefore, no allowance for doubtful accounts has been recorded as of December 31, 2024.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. If unconditional promises to give are expected to be collected more than one year in the future, the revenue and related pledge receivable are discounted to net present value using risk-free interest rates applicable to the years in which the promises are received.

Other Receivables

Other receivable are comprised primarily of various program and fees which management believes to be fully collectible.

Occupancy Receivable

The Organization has a lease agreement with the Chatham County Board of Education for the lease of the Wren Family Center at 119 S. Third Avenue, Siler City, NC ending July 2028. Per the lease agreement, rent is $120 a year and insurance premium reimbursement are $870 a year.

The Organization has a $-0- lease agreement with Lee County for the lease of one acre at O.T. Sloan Park. On June 7, 2021, the Organization and Lee County agreed to extend the lease through June 7, 2031.

The Organization has a $-0- lease agreement with Harnett County for the lease of the Shawtown Community Development Center at 645 Shawtown Road, Lillington, North Carolina, ending August 30, 2027.

The Organization has a $-0- lease agreement with Horton Middle School for the lease of three (3) classrooms and office space, ending June 30, 2026.

These contributions are recorded at the net present value of the fair rental value. The occupancy receivable is amortized over the term of the lease. Donated occupancy expenses of $155,764 are recognized annually in the statement of activities for the year ended December 31, 2024.

NOTE 2 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

Funds received for memberships in advance of the membership term and contributions whose conditions have not yet been met are reported as deferred revenues.

Property and Equipment

Property and equipment, if purchased, are stated at cost. Contributed fixed assets are recorded at fair value at the date of donation. In the absence of donor stipulations regarding how long the contributed assets must be used, contributions of property and equipment are recorded as unrestricted support. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets, which are generally between 3 to 15 years. Property and equipment purchase of less than $2,500 are expensed when incurred.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Organization's board may designate assets without restrictions for specific operational purposes from time-to-time.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expired, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions and Grant Awards

Contributions received are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increase that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

NOTE 2 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Nonfinancial Assets and Services

Contributed nonfinancial assets include donated land, donated facility space, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 12). We do not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Revenue Recognition

Revenue is recognized when earned. Program service fees received in advance are deferred to the applicable year in which the related services are performed. Scholarships are provided for up to 100% of the membership fee to participants who meet certain eligibility criteria. Scholarships are netted against program service fees revenue on the statement of activities.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place. All goods and services are transferred at a point in time.

A portion of the Organization’s revenue is derived from cost-reimbursable governmental grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

NOTE 2 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated by management's estimate of resources devoted to the program or support service.

Vacation Accrual

The Organization has a paid-time-off (PTO) policy that allows employees to earn up to 28 days of PTO each calendar year depending on the number of years of service provided to the Organization. Employees are able to carry forward five (5) days of PTO to their next year.

Advertising Expense

Advertising and publicity costs are expensed as incurred. For the year ended December 31, 2024, advertising expense was $1,996. Advertising expenses are included in the accompanying statement of functional expenses as Marketing.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating in the statement of financial position. Finance leases are included in ROU assets –financing and lease liability – financing in the statement of financial position.

ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no income taxes have been provided in the accompanying financial statements.

Management has evaluated the effect of the guidance provided by GAAP on accounting for the uncertainty of income taxes. Management believes the Organization continues to satisfy the requirements of a tax-exempt entity as of December 31, 2024. Management has evaluated all other tax positions that could have a significant effect on the financial statements and determined the Organization had no uncertain income tax positions as of December 31, 2024.

NOTE 2 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Organization has evaluated events and transactions that occurred between December 31, 2024 and February 13, 2026 which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 3 RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

During the current year, an error was discovered in the treatment of three below market leases as recorded by the Organization for the prior year. The error resulted in an understatement of the Organization's net assets with donor restrictions of $659,131. As a result, the beginning net assets with donor restrictions of the Organization have been restated to reflect the correction of this error in the amount of $966,862.

	As Previously Issued	Restatement	As Restated
ASSETS			
Occupancy Receivable	$ -	$ 659,131	$ 659,131
Without Donor Restrictions	1,775,174	-	1,775,174
With Donor Restrictions	307,731	659,131	966,862

NOTE 4 GRANTS RECEIVABLE

Grants receivable consist of the following as of December 31 2024:

North Carolina Health and Human Services	$ 14,842
The North Carolina Office of State Budget & Management	57,286
Others	41,497
Total	$ 113,625

The Organization has provided no provision for uncollectible accounts since management believes all amounts are collectible. All amounts are receivable in less than one year.

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following as of December 31 2024:

Contributions Receivable	
Due Within One Year	$ 66,516
Due Within One To Five Years	-
Total Contributions Receivable	$ 66,516

The Organization has provided no provision for uncollectible accounts since management believes all amounts are collectible.

NOTE 6 PROPERTY AND EQUIPMENT

Net property and equipment consist of the following at December 31 2024:

Land Improvements	$ 265,200
Buildings and Improvements	4,378,875
Leasehold Improvements	454,454
Vehicles	174,994
Furniture and Equipment	24,288
Construction in Progress	10,510
Playground Equipment	170,531
Software	16,260
Subtotal	5,495,112
Less: Accumulated Depreciation	(1,709,099)
Total	$ 3,786,013

Depreciation and amortization expense was $75,077 for the year ended December 31, 2024.

NOTE 7 INVESTMENTS AND FAIR VALUE MEASUREMENT

Investments at December 31, 2024 consisted of the following:

	Cost	Fair Value	Cumulative Gain (Loss)
Type:			
Bonds	$ 97,742	$ 99,283	$ 1,541
Mutual Funds	154,419	154,419	-
Other Investments	110,792	110,792	-
Total	$ 362,953	$ 364,494	$ 1,541

NOTE 7 INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Association. Unobservable inputs reflect the Association's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, management develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the quality, risk or liquidity profile of the asset or liability.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments and other assets measured at fair value as of December 31, 2024:

Type	Level 1	Level 2	Level 3	Total Fair Value
Beneficial Interest In Assets Held By	$ -	$ 163,127	$ -	$ 163,127
Community Foundation:				
Charitable Remainder Trust	-	-	166,400	166,400
Investments	364,494	-	-	364,494
Total Assets Fair Value	$ 364,494	$ 163,127	$ 166,400	$ 694,021

NOTE 8 BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

During 1999, the Organization transferred $142,068 to the North Carolina Community Foundation (the Foundation) to establish a designated endowment fund (the Fund). The Organization is the income beneficiary of the Fund which had a fair value of $163,127 at December 31, 2024. For reporting purposes, the Organization's source for measuring the fair value of the Fund are statements received from the Foundation, whereby the value of the Fund is a percentage of the Foundation's investment portfolio consisting of fixed income, equity securities, alternative investments and cash.

Composition of and changes in endowment net assets for the year ended December 31, 2024 was as follows:

Beneficial Interest In Assets Held By Community Foundation, Beginning Of Year	$ 155,859
Investment Income	4,686
Realized And Unrealized Gains/(Losses)	12,104
Amounts Appropriated For Expenditure	(7,920)
Administration Fees	(1,602)
Beneficial Interest in Assets Held by Community Foundation, End of Year	$ 163,127

The beneficiary of the investment Fund is the Organization. Variance power is given to the Foundation allowing them to redirect the funds to a similar cause, if in the judgment of the Foundation's Board of Directors, the charitable use has become unnecessary, undesirable, impracticable, incapable of fulfillment, or inconsistent with the charitable needs of the community served by the Foundation. The Foundation may also distribute all or any part of the funds, including principal and income, at any time, for any authorized purpose, at the Foundation's discretion. The Organization may request distributions of all or any part of the Fund, upon approval by the Foundation. The Fund is included in board designated net assets.

NOTE 9 CHARITABLE REMAINDER TRUST

During 2014, the Organization was named as the beneficiary of a remainder trust. Per the agreement, upon the death of the last surviving income beneficiary, 50% of the principal and income of the trust will be distributed to the Boys & Girls Clubs of Central Carolina, Inc. The beneficial interest in the trust is reported at fair value, with the change in fair value reported as an increase or decrease in temporarily restricted net assets. For reporting purposes, the Organization's source for measuring the fair value of the remainder trust are statements received from the trustee, whereby the value of the residual interest is estimated as the value of the donated assets reduced by the present value of expected future cash payments.

NOTE 9 CHARITABLE REMAINDER TRUST (CONTINUED)

The following table provides a summary of changes in fair value for the year ended December 31, 2024:

Beneficial Interest - Beginning of Year	$	163,400
Change on Value of Trust		3,000
Beneficial Interest - End of Year	$	166,400

NOTE 10 EMPLOYEE BENEFIT PLAN

The Organization has a defined contribution plan (the Plan) covering all eligible employees. The Organization contributes a discretionary percentage of the employee's annual compensation to the plan. Employees who have worked a minimum of 1,000 hours, attained age 21, and are employed by the Organization on January 1 of the plan year are eligible to receive the employer contribution. An eligible employee is vested after three years of service. The Organization expensed $24,282 for the year ended December 31, 2024.

NOTE 11 LEASES

The Organization leases equipment for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2028 and some of the leases provide for flexible renewal options. In the normal course of business, it is expected that this lease will be renewed or replaced by a similar lease. The agreement generally requires the Organization to pay for repairs and maintenance.

As of December 31, 2024, the Organization's leases consists of two financing lease. The following table provides quantitative information concerning the Organization's lease for the year ended December 31, 2024:

Lease Cost		
Amortization of Right-of-Use Assets	$	4,526
Interest on Lease Liabilities		516
Total	$	5,042
Other Information		
Financing Cash Flows from Financing Leases	$	5,117
Weighted-Average Remaining Lease Term - Financing Leases		2.8 years
Weighted-Average Discount Rate - Financing Leases		3.00%

NOTE 11 LEASES (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2024, is as follows:

Year Ending December 31,	Amount
2025	$ 5,632
2026	4,949
2027	3,581
2028	895
Total Undiscounted Lease Payments	15,057
Less: Imputed Interest	650
Total Lease Liability	$ 14,407

NOTE 12 IN-KIND GOODS AND SERVICES

For the years ended December 31, 2024, contributed nonfinancial assets recognized within the statement of activities included the following:

Land	$ 3,324,000
Donated Facility Space	19,194
Total	$ 3,343,194

The donation of the land was recorded at the fair value at the date of the gift based on the value determined by an appraisal. The donated parcel of land will be used for future program activities. No donor-imposed restrictions applied to donated land received during the year.

For donated facility space, the fair value is estimated using the average price per square foot of publicly available commercial real estate data in the Organization’s service area.

NOTE 13 LIQUIDITY AND AVAILABILITY

Financial Assets at December 31, 2024	
Cash and Cash Equivalents	$ 34,999
Investments	364,494
Grants Receivable	113,625
Contributions Receivable	66,516
Other Receivables	18,238
Subtotal	597,872
Less:	
Net Assets With Donor Purpose Restrictions	(72,346)
Financial Assets Available For General Expenditures Over Next 12 Months	$ 525,526

NOTE 13 LIQUIDITY AND AVAILABILITY (CONTINUED)

Management intends to continue the operations of the Organization for the foreseeable future. The Organization's ability to continue as a going concern is dependent upon its ability to generate sufficient revenues to meet its operating expenses and obligations as they become due. The Organization has experienced net losses in recent years, which has resulted in a decrease in its net assets without donor restrictions. Management is actively pursuing various marketing initiatives to increase revenues and has implemented cost-cutting measures to reduce expenses. Additionally, management is actively seeking out additional grants to supplement the Organization's revenue streams. In addition, the Organization receives support from an affiliated foundation to fund operations as needed. While there can be no assurance that these initiatives will be successful, management believes that they will enable the Organization to continue its operations for the foreseeable future.

NOTE 14 REVENUES

To determine revenue recognition for the arrangements that the Organization determines are within the scope of Topic 606, *Revenue from Contracts with Customers*, the Organization performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligation(s) in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligation(s) in the contract, and (5) recognize revenue when the Organization satisfies a performance obligation.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue that consists of performance obligations satisfied at a point in time is generally recognized when criteria for the contract have been achieved, or when specific events have occurred, and when there are no additional services related to that obligation.

Special event revenue is comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the total cost to attend the event and the exchange element. The Organization recognizes the exchange portion of the cost to attend the event at the time the event takes place and the contribution portion immediately. Revenue recognized from special events totaled approximately $3,924 (exchange element) which is included in the public contributions line of the statement of activities and $126,112 (contribution element) which is included in the public contributions line of the statement of activities for the year ended December 31, 2024.

The opening and closing contract balances were as follows:

	Balance as of January 1, 2024	Balance as of December 31, 2024
Accounts Receivable	$ -	$ -
Deferred Revenue	11,840	15,210

NOTE 15 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with restrictions were released due to satisfaction of the following purposes, as accomplished within the primary programs for the year ending December 31 2024:

Power Hour, Software, and Insurance	$	21,975
Youth Force		48,510
Renovations		64,000
Donated Space		155,764
Total	$	290,249

NOTE 16 NET ASSETS

Net Assets Without Donor Restrictions

Net assets without donor restrictions in the amount of $163,127 is designated for operating reserves. The composition of board designated assets are as follows as of December 31 2024:

Beneficial Interest In Assets		
Held By Community Foundation	$	163,127
Total	$	163,127

Net Assets With Donor Restrictions

Net assets with donor restrictions are for the following purpose and time restrictions as of December 31 2024:

Restricted by Purpose:		
Renovation	$	62,500
Compubotics		9,846
Restricted by Time:		
Harper Charitable Remainder Trust		166,400
Donated Space		522,561
Total	$	761,307

NOTE 17 COMMITMENTS AND CONTINGENCIES

The Organization receives grant funds. Such funds are subject to final approval by the grantor agencies and deficiencies, if any, are the responsibility of the Organization. Management does not anticipate any significant losses in connection with these grants. Management is aware of no disallowable costs or instances of noncompliance with grantor restrictions. Consequently, no provision has been made for liabilities, if any, that may arise from such audits.

NOTE 18 TRANSACTIONS WITH AFFILIATES

The Organization is an affiliate of the Boys & Girls Clubs of America (BGCA), and Boys & Girls Clubs of North Carolina Alliance (BGC NC Alliance). BGCA and BGC NC Alliance provide technical assistance and pass through funding to the Organization.

During the year ending December 31, 2024, the Organization paid BGC NC Alliance approximately $6,500 in membership dues.

The Organization also paid BGCA approximately $7,600 in membership dues during the year ending December 31, 2024. During fiscal year ending December 31, 2024, pass-through contributions and grants from BGCA were approximately $11,500.

NOTE 19 RELATED PARTY TRANSACTIONS

The Boys & Girls Clubs of Central Carolina Foundation (the Foundation) exists to support the Organization. The Foundation is a tax-exempt organization formed as a IRS section 501(c)(3). The Foundation is organized for charitable and benevolent purposes related to the Organization serving Lee, Harnett and Chatham counties, and to engage, promote and extend the programming of the Organization.

During the year ending December 31, 2024, the Foundation contributed to the Organization approximately $68,900.

During the year ending December 31, 2024, the Organization contributed to the Foundation $220,000.

NOTE 20 CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash deposits in local financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit loss on cash. As of December 31, 2024, the Organization’s uninsured cash balance was $-0-.