

**BOYS & GIRLS CLUBS OF PALM BEACH
COUNTY, INC. AND AFFILIATES**

**REPORT ON AUDITS OF CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

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Independent Auditor's Report

Boards of Directors of
Boys & Girls Clubs of Palm Beach County, Inc.,
Boys & Girls Clubs of Palm Beach County Foundation, Inc.,
Boys & Girls Clubs of Palm Beach County Leverage Lender, Inc., and
BGCPBC Northpoint, LLC
West Palm Beach, Florida

Opinion

We have audited the accompanying consolidated financial statements of Boys & Girls Clubs of Palm Beach County, Inc. and affiliates (the Organization) (a non-profit Organization), which comprise the consolidated statements of financial position as of September 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Boys & Girls Clubs of Palm Beach County, Inc. and affiliates as of September 30, 2025 and 2024, and the consolidated changes in their net assets and their 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Boys & Girls Clubs of Palm Beach County, Inc. and affiliates 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.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Boys & Girls Clubs of Palm Beach County, Inc. and affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards and *Government Auditing Standards* 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 consolidated financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 & Girls Clubs of Palm Beach County, Inc. and affiliates' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys & Girls Clubs of Palm Beach County, Inc. and affiliates' 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

Report on Supplementary and Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards*, schedule of expenditures of state financial assistance projects, and related notes is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information and the consolidating information listed in the table of contents is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of Boys & Girls Clubs of Palm Beach County, Inc. and affiliates, and it is not a required part of the consolidated financial statements. The supplementary and consolidating information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The supplementary and consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. In our opinion, the supplementary and consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2026, on our consideration of the Boys & Girls Clubs of Palm Beach County, Inc. and affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Boys & Girls Clubs of Palm Beach County, Inc. and affiliates' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Boys & Girls Clubs of Palm Beach County, Inc. and affiliates' internal control over financial reporting and compliance.

Templeton & Company, LLP

West Palm Beach, Florida
January 26, 2026

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets:		
Cash, cash equivalents and restricted cash	\$ 7,277,044	\$ 9,050,355
Investments	71,129,973	39,974,828
Grants and accounts receivable, net	3,553,200	2,732,492
Current portion of unconditional promises to give, net	725,780	10,444,317
Prepaid expenses	<u>1,277,893</u>	<u>1,051,469</u>
Total current assets	83,963,890	63,253,461
Property and equipment, net	29,316,093	26,110,931
Right-of-use assets - operating leases	234,780	66,126
Unconditional promises to give, net of current portion	1,325,252	1,826,891
Note receivable - New Market Tax Credit	5,761,974	5,761,974
Beneficial interest in assets held by Community Foundation	217,881	200,000
Other assets	<u>260,131</u>	<u>210,935</u>
Total assets	<u>\$ 121,080,001</u>	<u>\$ 97,430,318</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,013,814	\$ 1,825,679
Current portion of lease liabilities	64,688	53,324
Current portion of long-term debt	15,111	80,654
Deferred revenue	<u>847,447</u>	<u>3,176,526</u>
Total current liabilities	2,941,060	5,136,183
Lease liabilities, net of current portion	167,697	11,686
Long-term debt, net of current portion	<u>7,633,499</u>	<u>7,760,443</u>
Total liabilities	<u>10,742,256</u>	<u>12,908,312</u>
Net assets:		
Without donor restrictions	47,655,291	44,009,561
With donor restrictions	<u>62,682,454</u>	<u>40,512,445</u>
Total net assets	<u>110,337,745</u>	<u>84,522,006</u>
Total liabilities and net assets	<u>\$ 121,080,001</u>	<u>\$ 97,430,318</u>

See accompanying notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2025 and 2024

	For the Year Ended September 30, 2025			For the Year Ended September 30, 2024		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions	
Revenues and support:						
Contributions and grants	\$ 7,590,171	\$ 8,233,212	\$ 15,823,383	\$ 9,830,144	\$ 10,739,240	\$ 20,569,384
Federal, state and local						
government grants	12,991,569	-	12,991,569	11,953,128	-	11,953,128
Special events, net of direct expenses	4,617,005	-	4,617,005	4,642,375	-	4,642,375
Program revenue	135,647	-	135,647	168,832	-	168,832
Donated facilities	1,031,540	-	1,031,540	1,100,191	-	1,100,191
Donated utilities	95,550	-	95,550	128,400	-	128,400
Donated food and other	2,137,079	-	2,137,079	3,893,365	-	3,893,365
Employee retention credit	1,162,562	-	1,162,562	-	-	-
Other	608,658	57,191	665,849	120,875	57,190	178,065
Total revenue and support before net						
assets released from donor restrictions	30,369,781	8,290,403	38,660,184	31,837,310	10,796,430	42,633,740
Net assets released from restrictions	12,077,803	(12,077,803)	-	9,240,483	(9,240,483)	-
Total revenue and support	42,447,584	(3,787,400)	38,660,184	41,077,793	1,555,947	42,633,740
Expenses:						
Program services:						
Character and leadership development	3,161,313	-	3,161,313	3,224,080	-	3,224,080
Education and career development	4,790,605	-	4,790,605	4,886,627	-	4,886,627
Sports, fitness and recreation	6,079,448	-	6,079,448	6,202,465	-	6,202,465
Health and life skills	2,431,778	-	2,431,778	2,481,533	-	2,481,533
Cultural arts	3,878,686	-	3,878,686	3,958,439	-	3,958,439
Technology	3,100,518	-	3,100,518	3,164,023	-	3,164,023
Total program services	23,442,348	-	23,442,348	23,917,167	-	23,917,167
Supporting services:						
Management and general	1,864,730	-	1,864,730	2,020,169	-	2,020,169
Fundraising	1,332,185	-	1,332,185	1,362,480	-	1,362,480
Total expenses	26,639,263	-	26,639,263	27,299,816	-	27,299,816
Change in net assets before						
non-operating activities	15,808,321	(3,787,400)	12,020,921	13,777,977	1,555,947	15,333,924
Transfer of assets	(13,960,599)	13,960,599	-	1,679,881	(1,679,881)	-
Net investment return	2,051,507	11,996,810	14,048,317	1,305,000	3,123,107	4,428,107
Net unrealized gain on beneficial interest						
in assets held by Community Foundation	17,881	-	17,881	19,200	-	19,200
Interest expense	(235,422)	-	(235,422)	(260,182)	-	(260,182)
Loss on disposal of property and						
equipment	(35,958)	-	(35,958)	-	-	-
Change in net assets	3,645,730	22,170,009	25,815,739	16,521,876	2,999,173	19,521,049
Net assets - beginning of year	44,009,561	40,512,445	84,522,006	27,487,685	37,513,272	65,000,957
Net assets - end of year	\$ 47,655,291	\$ 62,682,454	\$ 110,337,745	\$ 44,009,561	\$ 40,512,445	\$ 84,522,006

See accompanying notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2025**

	Program Services						Supporting Services		Total Expenses
	Character and Leadership Development	Education and Career Development	Sports, Fitness and Recreation	Health and Life Skills	Cultural Arts	Technology	Management and General	Fundraising	
Marketing and public relations	\$ 16,239	\$ 24,611	\$ 31,232	\$ 12,493	\$ 19,926	\$ 15,928	\$ 9,580	\$ 6,843	\$ 136,852
Conferences and staff training	7,076	10,722	13,607	5,443	8,681	6,940	4,174	2,981	59,624
Core programs	245,401	371,877	471,925	188,770	301,088	240,682	144,752	103,395	2,067,890
Employee benefits	128,418	194,602	246,957	98,783	157,558	125,948	75,748	54,106	1,082,120
Equipment leasing and maintenance	50,728	76,872	97,553	39,021	62,239	49,752	29,922	21,373	427,460
Insurance	118,261	179,209	227,422	90,969	145,096	115,985	69,757	49,826	996,525
Building maintenance	126,214	191,262	242,718	97,087	154,854	123,786	74,448	53,177	1,063,546
In-kind food program and other	372,245	564,092	715,853	286,341	456,714	365,085	219,572	156,837	3,136,739
In-kind utilities	11,338	17,183	21,806	8,722	13,912	11,121	6,689	4,778	95,549
Supplies and office expenses	18,709	28,351	35,978	14,391	22,954	18,349	11,035	7,882	157,649
Permits and dues	5,560	8,427	10,695	4,278	6,823	5,454	3,280	2,343	46,860
Payroll taxes	130,211	197,321	250,408	100,163	159,760	127,708	76,807	54,862	1,097,240
Postage and shipping	1,117	1,692	2,148	859	1,370	1,095	659	471	9,411
Professional fees	25,205	38,195	48,471	19,388	30,925	24,720	14,867	10,620	212,391
Salaries and casual labor	1,585,136	2,402,091	3,048,339	1,219,335	1,944,840	1,554,652	935,008	667,863	13,357,264
Recruitment	10,079	15,276	19,386	7,754	12,368	9,887	5,946	4,247	84,943
Dues and subscriptions	9,169	13,893	17,630	7,052	11,248	8,991	5,408	3,863	77,254
Telephone	19,462	29,492	37,427	14,971	23,878	19,088	11,480	8,200	163,998
Utilities	39,893	60,454	76,718	30,687	48,946	39,126	23,531	16,808	336,163
Travel and lodging	59,105	89,564	113,660	45,464	72,515	57,967	34,863	24,902	498,040
Enhancement activities	33,624	50,955	64,664	25,866	41,256	32,979	19,834	14,167	283,345
Miscellaneous	13,326	20,195	25,627	10,251	16,350	13,070	7,860	5,847	112,526
Bad debt expense (recoveries), net	(4,202)	(6,368)	(8,081)	(3,232)	(5,156)	(4,121)	(2,479)	(1,770)	(35,409)
Total expenses before depreciation	3,022,314	4,579,968	5,812,143	2,324,856	3,708,145	2,964,192	1,782,741	1,273,621	25,467,980
Depreciation	138,999	210,637	267,305	106,922	170,541	136,326	81,989	58,564	1,171,283
Total expenses	<u>\$ 3,161,313</u>	<u>\$ 4,790,605</u>	<u>\$ 6,079,448</u>	<u>\$ 2,431,778</u>	<u>\$ 3,878,686</u>	<u>\$ 3,100,518</u>	<u>\$ 1,864,730</u>	<u>\$ 1,332,185</u>	<u>\$ 26,639,263</u>

See accompanying notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2024

	Program Services						Supporting Services		Total Expenses
	Character and Leadership Development	Education and Career Development	Sports, Fitness and Recreation	Health and Life Skills	Cultural Arts	Technology	Management and General	Fundraising	
Marketing and public relations	\$ 11,674	\$ 17,696	\$ 22,461	\$ 8,986	\$ 14,335	\$ 11,458	\$ 7,316	\$ 4,933	\$ 98,859
Conferences and staff training	9,766	14,802	18,788	7,517	11,991	9,584	6,119	4,126	82,693
Core programs	212,737	322,437	409,261	163,741	261,192	208,774	133,298	89,886	1,801,326
Employee benefits	102,693	155,648	197,559	79,041	126,083	100,780	64,346	43,390	869,540
Equipment leasing and maintenance	51,222	77,636	98,541	39,425	62,889	50,268	32,095	21,643	433,719
Insurance	96,452	146,188	185,552	74,237	118,420	94,655	60,435	40,753	816,692
Building maintenance	108,990	165,192	209,674	83,888	133,815	106,959	68,292	46,051	922,861
In-kind food program and other	508,972	771,429	979,155	391,748	624,901	499,490	318,915	215,052	4,309,662
In-kind utilities	15,163	22,984	29,172	11,672	18,618	14,882	9,502	6,407	128,400
Supplies and office expenses	18,524	28,076	35,637	14,258	22,743	18,179	11,607	7,827	156,851
Permits and dues	6,254	9,481	12,034	4,815	7,680	6,139	3,919	2,643	52,965
Payroll taxes	131,430	199,205	252,846	101,161	161,367	128,983	82,353	55,533	1,112,878
Postage and shipping	1,465	2,221	2,819	1,128	1,799	1,438	918	619	12,407
Professional fees	24,581	37,257	47,289	18,920	30,180	24,123	15,402	10,386	208,138
Salaries and casual labor	1,629,612	2,469,945	3,135,036	1,254,290	2,000,793	1,599,255	1,021,095	688,549	13,798,575
Recruitment	13,438	20,369	25,854	10,344	16,500	13,189	8,421	5,678	113,793
Dues and subscriptions	13,819	20,943	26,582	10,635	16,965	13,560	8,658	5,838	117,000
Telephone	12,242	18,554	23,551	9,422	15,030	12,014	7,671	5,172	103,656
Utilities	32,367	49,058	62,268	24,913	39,740	31,764	20,281	13,676	274,067
Travel and lodging	65,377	99,087	125,768	50,318	80,266	64,157	40,963	27,622	553,558
Enhancement activities	29,956	45,405	57,632	23,058	36,781	29,399	18,771	12,658	253,660
Miscellaneous	17,036	25,821	32,773	13,112	20,916	16,718	10,674	7,430	144,480
Bad debt expense (recoveries), net	<u>(8,797)</u>	<u>(13,333)</u>	<u>(16,924)</u>	<u>(6,771)</u>	<u>(10,801)</u>	<u>(8,633)</u>	<u>(5,512)</u>	<u>(3,717)</u>	<u>(74,488)</u>
Total expenses before depreciation	3,104,973	4,706,101	5,973,328	2,389,858	3,812,203	3,047,135	1,945,539	1,312,155	26,291,292
Depreciation	<u>119,107</u>	<u>180,526</u>	<u>229,137</u>	<u>91,675</u>	<u>146,236</u>	<u>116,888</u>	<u>74,630</u>	<u>50,325</u>	<u>1,008,524</u>
Total expenses	<u>\$ 3,224,080</u>	<u>\$ 4,886,627</u>	<u>\$ 6,202,465</u>	<u>\$ 2,481,533</u>	<u>\$ 3,958,439</u>	<u>\$ 3,164,023</u>	<u>\$ 2,020,169</u>	<u>\$ 1,362,480</u>	<u>\$ 27,299,816</u>

See accompanying notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 25,815,739	\$ 19,521,049
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,171,283	1,008,524
Loss on disposal of property and equipment	35,958	-
Amortization of in-kind rent	58,055	55,229
Amortization of loan costs	15,851	15,851
Realized and unrealized gain on investments, net	(12,395,989)	(2,789,474)
Unrealized gain on beneficial interest in assets held by Community Foundation	(17,881)	(19,200)
Contributions received for long-term investment	(7,612,545)	(10,333,000)
(Increase) decrease in operating assets:		
Unconditional promises to give, net	10,220,176	(9,724,813)
Grants and accounts receivable, net	(820,708)	(264,051)
Prepaid expenses	(226,424)	(146,877)
Right-of-use assets - operating leases	(168,654)	(66,126)
Other assets	(49,196)	(103,356)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	188,136	530,569
Lease liabilities	167,375	65,010
Deferred revenue	<u>(2,329,079)</u>	<u>2,079,875</u>
Net cash provided by (used in) operating activities	<u>14,052,097</u>	<u>(170,790)</u>
Cash flows from investing activities:		
Purchases of investments, net of sales proceeds	(18,759,156)	(5,911,482)
Purchases of property and equipment	<u>(4,470,458)</u>	<u>(7,900,475)</u>
Net cash used in investing activities	<u>(23,229,615)</u>	<u>(13,811,957)</u>
Cash flows from financing activities:		
Contributions received for long-term investment	7,612,545	10,333,000
Principal payments on long-term debt	<u>(208,338)</u>	<u>(93,641)</u>
Net cash provided by financing activities	<u>7,404,207</u>	<u>10,239,359</u>
Net decrease in cash, cash equivalents and restricted cash	(1,773,311)	(3,743,388)
Cash, cash equivalents and restricted cash, beginning of year	<u>9,050,355</u>	<u>12,793,743</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 7,277,044</u>	<u>\$ 9,050,355</u>
Supplemental schedule of non-cash investing and financing activities:		
Assumption of note payable for equipment acquisition	<u>\$ -</u>	<u>\$ 41,378</u>
Supplemental cash flow information:		
Interest paid	<u>\$ 235,510</u>	<u>\$ 39,032</u>

See accompanying notes to consolidated financial statements.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of activities and organization

The Boys & Girls Clubs of Palm Beach County, Inc. (the Club) is a not-for-profit organization which provides educational, athletic and social services to children and teenagers throughout Palm Beach County. The Club's Affiliate, Boys & Girls Clubs of Palm Beach County Foundation, Inc. (the Foundation), is a not-for-profit organization organized to solicit, accept and administer funds and property donated to the Foundation in order to ensure, in perpetuity, the financial stability of the Boys & Girls Clubs of Palm Beach County, Inc. Another affiliate, the Boys & Girls Clubs of Palm Beach County Leverage Lender, Inc. (Leverage Lender) is a Florida not-for-profit organization which provides for New Market Tax Credit (NMTC) financing. BGCPBC Northpoint, LLC (Northpoint) is a Florida not-for-profit organization which holds property for the Club. The Organization encompasses the Club, Foundation, Leverage Lender and Northpoint.

The Organization has a long-standing commitment to meeting the needs of members and the general community through six broad program classifications:

Character and leadership development – Involving the nurturing and guiding youthful potential and developing a moral compass through programs, volunteerism and community services.

Education and career development – Encouraging success through acquiring knowledge and developing a positive attitude toward learning while encouraging vocational competence through daily homework help, literacy programs, computer training, and employability skills training.

Sports, fitness and recreation – Promoting teamwork and constructive use of leisure time through athletic leagues, individual sports and social competence.

Health and life skills – Developing skills that help increase a young person's capacity to engage in positive behaviors that nurture their own well-being, set personal goals and live successfully as self-sufficient adults.

Cultural arts – Providing cultural enrichment through numerous programs that utilize the arts to address issues related to youth culture. Collaboration with multiple sectors of the community to provide innovative and challenging cultural enrichment for young people.

Technology/STEM – Embracing a technological future by providing programs that give members basic computer skills, introducing them to digital movie making, music making, photography, graphic design and web development, homework help and educational software.

Basis of presentation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Principles of consolidation

The consolidated financial statements of the Organization include the accounts of Boys & Girls Clubs of Palm Beach County, Inc., Boys & Girls Clubs of Palm Beach County Foundation, Inc., Boys and Girls Clubs of Palm Beach County Leverage Lender, Inc., and BGCPBC Northpoint LLC, for which the Club has both control and economic interest. All significant intercompany accounts and transactions are eliminated in consolidation.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Net assets

The consolidated financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purpose specified in the corporate documents and its application for tax-exempt status, and any limits resulting from contractual arrangements with creditors or others that are entered into in the course of operations.

Net assets with donor restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

The Organization's unspent contributions are included in this class if the donor limited their use, as are donor-imposed endowment funds.

When a donor's restriction is satisfied either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the assets are placed in service by the Organization, unless the donor provided more specific directions about the period of its use.

Measure of operations

The Organization's operating activities include revenues that are earned as a result of providing programs and supporting activities and expenses related to providing these programs and supporting activities. Operating activities also include amounts released from donor restrictions. Non-operating activities include the receipt of private gifts and grants, non-operating expenses, endowment and investment gains and losses related to donor restricted endowment investments, as well as, the unrealized gains and losses related to the Organization's beneficial interest in assets held by the Community Foundation.

Classification of transactions

All revenue and net gains are reported as increases in net assets without donor restrictions in the consolidated statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses, other than losses on endowment investments, are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Use of estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Use of estimates, continued

On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Contributions

Contributions, including unconditional promises (pledges) to give, are recognized in the period the promise is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fundraising activity. Amounts pledged are recorded as contributions of net assets with donor restrictions if designated by the donors as such. Promises that remain uncollected more than one year after their due dates are written off unless the donor indicates that payment is merely postponed.

Contributions of assets other than cash are reported at their estimated fair value at the date of the gift. The Organization reports non-cash contributions as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used.

Contributions of long-lived assets with explicit donor restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as contributions with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue, program, and support recognition

The Organization recognizes revenue from program and supporting activities in the period the activity is provided, and amounts received in advance of services are recorded as deferred revenue.

Membership dues to the Club are recognized as revenue over time when the related services, including access to sign up for Club programs which represents the Club's performance obligations, have been provided.

Program fees for parent-pay programs are recognized over time as weekly programming is delivered. Fees associated with programming contracts are recognized as programming is delivered.

Special events represent various activities undertaken to raise funds for the Organization for unrestricted purposes. Special events revenue is recognized as revenue at the time of the event. Amounts received prior to the event are reported as deferred revenue. The Organization had special event revenues of \$6,532,928 less related direct expenses of \$1,915,923, for the year ended September 30, 2025, and revenues of \$6,308,595 less direct expenses of \$1,666,220, for the year ended September 30, 2024.

Grant revenue

The Organization receives various grants from federal, state, and local agencies, as well as private foundations for program and supporting service expenses. These grants are generally on a cost reimbursement basis, including recoverable overhead.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Grant revenue, continued

Revenue from grants is deemed earned and recognized in the consolidated statements of activities when expenditures are made for the purposes specified. Grant funds that have been received but have not yet been expended for the purposes specified are reported as deferred revenue.

Donated facilities, goods, and services

Donated goods are recorded at their fair value on the date donated and are reflected as contributions in the accompanying consolidated statements of activities. Donated facilities represent the excess of the fair rental value of the building or land leases over below market rent payments due under lease agreements. Time donated by certain volunteers is not recorded in the consolidated financial statements as these services do not require specialized skills or create or enhance nonfinancial assets and, therefore, do not meet the recognition criteria.

Donated facilities and goods recognized as revenue for the years ended September 30, 2025 and 2024, are as follows:

	2025	2024
Use of recreational facilities, Belle Glade Schools	\$ 447,650	\$ 479,150
Use of recreational facilities, DeGeorge Club	164,700	164,700
Use of other facilities	247,300	247,300
Land under lease, Wellington (see Note 7)	171,890	177,541
Amortization of discount	-	31,500
Utilities	95,550	128,400
Food and other	2,137,079	3,893,365
Total	\$ 3,264,169	\$ 5,121,956

Cash and cash equivalents

Cash and cash equivalents include demand deposit and money market accounts, and other highly liquid investments with an original maturity of three months or less. For purposes of the consolidated statements of cash flows, all investment instruments without donor restrictions with original maturities of three months or less are considered cash equivalents.

Restricted cash

Cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows as of September 30, 2025 and 2024, consists of the following:

	2025	2024
Cash and cash equivalents	\$ 6,721,476	\$ 8,497,422
Restricted cash	555,568	552,933
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	\$ 7,277,044	\$ 9,050,355

Restricted cash consists of funds set aside for construction and certain operating expenses of the New Market Tax Credit (NMTC) (Note 14).

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Note receivable – New Market Tax Credit (NMTC)

The note receivable – NMTC is collateralized by membership interests related to the NMTC transaction (see Notes 9 and 14) and is stated at the principal amount. The Organization has one class of financing receivable from a financial institution the Organization's management believes to be highly creditable. Management continues to monitor and assess the credit worthiness of the NMTC note based on indicators such as collateralization and collection experience. As of September 30, 2025 and 2024, no allowance has been established as the Organization's management deems the note to be fully collectible given the credit worthiness of the financial institution and membership interests of the parties thereto.

Investments

Investments consist of money market funds, mutual funds, corporate bonds, alternative investments, and common stocks.

Investment income and realized gains and losses on investments are recognized upon realization. Unrealized gains and losses are recognized based on changes in fair values during the period. Net investment returns or losses are reported in appropriate net asset classifications based upon the existence of donor restrictions, if any.

Investments are exposed to various risks such as interest rate risk, market risk, economic risk, and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values of investments will occur in the near-term.

Beneficial interest in assets held by Community Foundation

Beneficial interest in assets held by Community Foundation for Palm Beach and Martin Counties (the Community Foundation) represents the fiscal year end value of an endowment fund. The Organization previously entered into an agreement to establish this fund at the Community Foundation with funds received from a donor which were then transferred to the Community Foundation with the Organization specified as the primary beneficiary. The agreement permits the Community Foundation to substitute another beneficiary in place of the Organization if the Organization ceases to exist or, if the governing board of the Community Foundation decides that the stated restrictions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served by the Community Foundation.

Grants and accounts receivable

Grants receivable represent amounts owed to the Organization from federal, state and local grants for services rendered under contractual obligations and grants from Boys and Girls Clubs of America, corporations and foundations. Certain grants are payable upon the submission of specified documentation. All outstanding grants receivable are expected to be collected within one year and are considered collectible.

An account receivable is recorded when the Organization has a right to consideration in exchange for goods or services that the Organization has provided. These accounts receivable are evaluated for collectability and allowances for amounts deemed potentially uncollectible are determined based on historical trends and aging of these balances. The allowance for credit losses was approximately \$54,989 and \$28,200 at September 30, 2025 and 2024, respectively.

Property and equipment

Property and equipment is stated at cost if purchased or, if acquired by contribution, at the estimated market value on the date of contribution. The Organization's policy is to capitalize assets acquired for greater than \$5,000. The Organization provides for depreciation over the estimated useful lives of the related assets using the straight-line method.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Property and equipment, continued

The estimated useful lives are summarized in the following table:

Building and leasehold improvements	10-39 years
Vehicles	5 years
Equipment and furniture	3-10 years

Leases

The Organization determines whether an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and current and non-current operating lease liabilities on the accompanying consolidated statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The discount rate used to calculate the present value of the Organization's leases are based on the risk-free rate, the lease term, and other available information at the respective lease commencement date since the leases do not provide a readily determinable implicit rate. The 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 is recognized on a straight-line basis over the lease term. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Lease and non-lease components are accounted for as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease component is typically revised from one period to the next. These variable lease payments are expensed in the period in which the obligation for such payments is incurred. The Organization does not recognize a lease liability for leases with an original term of twelve (12) months or less that will not be extended.

Income taxes

The Organization has been recognized by the Internal Revenue Service (IRS) as exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no provision for income taxes has been recorded in the consolidated financial statements. The Organization is required to operate in conformity with the provisions of the IRC to maintain its exempt status.

Management analyzes tax positions in jurisdictions where it is required to file income tax returns. Based on its evaluation, management did not identify any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease. Interest and penalties attributable to income taxes, if any, are included in operating expenses. No such interest or penalties were recorded for the years 2025 or 2024. The Organization is no longer subject to income tax examinations for fiscal years prior to 2022.

Fair value of financial instruments

Financial instruments include cash and cash equivalents, restricted cash, grants and accounts receivable, unconditional promises to give in less than one year, accounts payable, deferred revenue, and accrued expenses, and are stated at carrying value at year-end, which approximates their fair values due to the short-term nature of these instruments. The carrying amount of unconditional promises to give due in more than one year and contributions receivable of donated facilities approximate fair value since they have been discounted to the net present value using discounted cash flows.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Functional allocation of expenses

The cost of providing the Organization’s programs and supporting services are summarized on a functional basis on the accompanying statements of activities and functional expenses. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classification. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Occupancy, depreciation, insurance, and maintenance costs are allocated using a percentage basis dependent on the programs and supporting activities occupying the space.
- Certain salaries, benefits and payroll taxes (costs that benefit all programs and cannot be identified to a specific program) are allocated to programs and supporting services based on time studies and budgeted allocations.
- Information technology, utilities, insurance, and supplies that cannot be directly identified are allocated using a percentage basis most appropriate to the particular cost being allocated.

Management periodically evaluates the basis on which the costs are allocated when new space or programs are added. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activity that include fundraising. Additionally, advertising costs are expensed as incurred.

Note 2 – Liquidity and Availability of Resources

Financial assets available for general expenditure within one year of September 30, 2025 and 2024, are as follows:

	2025	2024
Financial assets:		
Cash, cash equivalents and restricted cash	\$ 7,277,044	\$ 9,050,355
Grants and accounts receivable, net	3,553,200	2,732,492
Investments	71,129,973	39,974,828
Unconditional promises to give – to be received in one year	725,780	10,444,317
Total financial assets	82,685,997	62,201,992
Less: financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets	(38,494,793)	(15,604,151)
Donor-restricted endowment funds perpetual in nature (Note 12)	(15,617,056)	(15,617,056)
Less: restricted cash on financial assets (Note 1)	(555,568)	(552,933)
Amount available for general operating expenditures within one year	\$ 28,018,580	\$ 30,427,852

The above table reflects donor-restricted and any board-designated endowment funds as unavailable because it is the Organization's intention to invest those resources for the long-term support of the Organization’s programs. However, in the case of need, the Board of Directors could appropriate resources from the donor restricted endowment funds for general use. Note 13 provides more information about those funds and about the spending policies for all endowment funds.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 2 – Liquidity and Availability of Resources, Continued

As part of the Organization's liquidity management, the Organization invests cash in excess of daily requirements in cash equivalents and money market accounts. In the event of unanticipated liquidity need, the Organization has a line of credit available that can be used to meet its current obligations, if necessary (Note 8).

Note 3 – Investments

A summary of investments, by investment type, at September 30, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Money market funds	\$ 3,198,890	\$ 25,622,421
Mutual funds	34,289,461	6,979,337
Corporate bonds	22,439,653	2,953,278
Alternative investments	2,505,761	11,721
Common stocks	<u>8,696,208</u>	<u>4,408,071</u>
Total investments	<u>\$ 71,129,973</u>	<u>\$ 39,974,828</u>

The following schedule summarizes the net investment return on the Organization's investments for the years ended September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Dividends and interest	\$ 1,652,328	\$ 1,638,633
Realized and unrealized gains, net	<u>12,395,989</u>	<u>2,789,474</u>
Net investment return	<u>\$ 14,048,317</u>	<u>\$ 4,428,107</u>

Net investment return includes \$177,140 and \$92,359 of direct investment expenses for the years ended September 30, 2025 and 2024, respectively. During the year ended September 30, 2025, the Organization transitioned investments to another financial institution. As a result, the Organization recognized a substantial realized gain on investment sales for the year ended September 30, 2025.

Note 4 – Note Receivable, New Market Tax Credit

The note receivable – NMTC is due from Twain Investment Fund 342, LLC (Twain or Investment Fund), an unrelated party, with interest at 1.0% per annum. The note receivable – NMTC requires interest annually through December 2027, at which point interest and principal payments will be due at a rate sufficient to amortize the note receivable – NMTC through the maturity date of December 2046. The note is collateralized by a security interest in the membership interests of the community development entity. The balance of the note receivable – NMTC is \$5,761,974, including accrued interest of \$42,893, at both September 30, 2025 and 2024.

The note payable – NMTC and regulatory agreement restricts the use of funds to the Organization which qualifies as a qualified active low-income community business for the term of the loan. The balance of the note payable – NMTC at September 30, 2025 and 2024 is \$8,022,000 (Note 9).

Note 5 – Fair Value Measurements

Accounting guidance provides a framework for measuring fair value and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 5 – Fair Value Measurements, Continued

Investments are measured at fair value. Accounting guidance provides for the use of NAV as a practical expedient for estimating the fair value of the private funds. Accordingly, NAV reported by fund management is used to estimate the fair value of the Organization’s interest.

The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.
- Level 2 – Quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of the fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Organization’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. There have been no significant changes in the methodologies used during the years ended September 30, 2025 and 2024.

The following is a description of the valuation methodologies used for assets measured at fair value:

- Money market funds* – institutional short-term investment vehicles valued daily with a NAV of \$1.
- Mutual funds* – are valued at the daily closing price as reported by the fund and required to publish their daily NAV and to transact at that price. The mutual funds are deemed to be actively traded.
- Corporate bonds* – corporate bonds are valued based on the last trade price of the fiscal year. When a bond has not been traded on the last day of the fiscal year, the price is obtained from an independent third party pricing company.
- Alternative investments* – consisting of hedge funds valued daily at NAV on active markets as of the reporting date.
- Common stocks* – valued at the closing price reported on the active markets on which the individual securities are traded.
- Beneficial interest* – assets held by the Community Foundation for Palm Beach and Martin Counties (Community Foundation), valued at the NAV of the assets at the end of the year.

The following table summarizes the Organization’s determination of fair value as of September 30, 2025 and 2024 on the following financial assets using these input levels that are measured at fair value on a recurring basis:

	Fair Value Measurements as of September 30, 2025			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ 3,198,890	\$ -	\$ -	\$ 3,198,890
Mutual funds	34,289,461	-	-	34,289,461
Corporate bonds	22,439,653	-	-	22,439,653
Alternative investments	2,505,761	-	-	2,505,761
Common stocks	<u>8,696,208</u>	<u>-</u>	<u>-</u>	<u>8,696,208</u>
Total investments	71,129,973	-	-	71,129,973
Beneficial interest in assets held by Community Foundation	<u>-</u>	<u>-</u>	<u>217,881</u>	<u>217,881</u>
Total	<u>\$ 71,129,973</u>	<u>\$ -</u>	<u>\$ 217,881</u>	<u>\$ 71,347,854</u>

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 5 – Fair Value Measurements, Continued

	Fair Value Measurements as of September 30, 2024			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ 25,622,421	\$ -	\$ -	\$ 25,622,421
Mutual funds	6,979,337	-	-	6,979,337
Corporate bonds	2,953,278	-	-	2,953,278
Alternative investments	11,721	-	-	11,721
Common stocks	<u>4,408,071</u>	<u>-</u>	<u>-</u>	<u>4,408,071</u>
Total investments	39,974,828	-	-	39,974,828
Beneficial interest in assets held by Community Foundation	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>
Total	<u>\$ 39,974,828</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 40,174,828</u>

The following is a schedule of Level 3 investment activity which is comprised of funds with the Community Foundation, for the year ended September 30, 2025, measured on a recurring basis using significant unobservable inputs:

	Donor Advised Account
Balance as of October 1, 2024	\$ 200,000
Net gain	19,741
Fees	<u>(1,860)</u>
Balance as of September 30, 2025	<u>\$ 217,881</u>

Note 6 – Unconditional Promises to Give

Unconditional promises to give as of September 30, 2025 and 2024, are detailed as follows:

	2025	2024
Capital campaign pledges	\$ 2,437,832	\$ 12,826,666
Pledge for operations	<u>57,750</u>	<u>57,750</u>
Unconditional promises to give before unamortized discount and allowances for uncollectible pledges	2,495,582	12,884,416
Less: unamortized discount	<u>(54,497)</u>	<u>(160,941)</u>
Subtotal	2,441,085	12,723,475
Less: allowance for uncollectible pledges	<u>(390,053)</u>	<u>(452,267)</u>
Net unconditional promises to give	<u>\$ 2,051,032</u>	<u>\$ 12,271,208</u>
Current portion of unconditional promises to give	\$ 725,780	\$ 10,444,317
Non-current portion of unconditional promises to give	<u>1,325,252</u>	<u>1,826,891</u>
	<u>\$ 2,051,032</u>	<u>\$ 12,271,208</u>
Amounts due in:		
Less than one year	\$ 1,115,833	\$ 10,896,584
One to five years	1,367,249	1,975,332
After five years	<u>12,500</u>	<u>12,500</u>
Total	<u>\$ 2,495,582</u>	<u>\$ 12,884,416</u>

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 6 – Unconditional Promises to Give, Continued

The Organization applies discount rates ranging from 3.5% to 5% to its pledges with terms in excess of one year. At September 30, 2025 and 2024, respectively, approximately 76% and 89% of total unconditional promises to give were from two donors in each year.

Note 7 – Property and Equipment

The following is a summary of property and equipment and related accumulated depreciation as of September 30, 2025 and 2024:

	2025	2024
Land	\$ 2,244,528	\$ 2,244,528
Land under lease, net	1,687,214	1,745,269
Building and leasehold improvements	26,854,013	26,402,539
Vehicles	1,514,559	1,447,888
Equipment and furniture	3,372,586	2,729,219
Subtotal	35,672,900	34,569,443
Less: accumulated depreciation	(10,079,970)	(9,052,518)
Subtotal	25,592,930	25,516,925
Construction in process	3,723,163	594,006
Property and equipment, net	\$ 29,316,093	\$ 26,110,931

Depreciation expense totaled \$1,171,283 and \$1,008,524 for the years ended September 30, 2025 and 2024, respectively. Construction in progress at September 30, 2025 and 2024, represents costs incurred related primarily to the Dreher Park Club construction and improvement projects.

Prior to 2015, the Organization entered into a long-term lease with the Village of Wellington to facilitate the relocation of its Wellington, Florida club. The net value of the land under lease represents the unamortized difference between the fair market rental value of the land lease and the stated amount of lease payments using a 5% discount rate. The land under lease asset was recognized as a donor restricted contribution. The asset is being amortized over the initial 30-year lease term and recorded in the consolidated statements of activities as in-kind rent expense. Such amortization amounted to \$58,055 and \$55,229 for the years ended September 30, 2025 and 2024, respectively.

Note 8 – Line of Credit

The Organization has an agreement for a revolving line of credit (the line of credit) with a financial institution. The line of credit provides for borrowings up to \$750,000. Interest on any outstanding borrowings is variable at a rate equal to the daily SOFR rate plus 260 basis points (2.60%) payable monthly. Outstanding borrowings and any accrued but unpaid interest are due and payable on the expiration date (October 25, 2026) of the line of credit. As of September 30, 2025 and 2024, there were no outstanding borrowings under the line of credit.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 9 – Long-term Debt

Long-term debt at September 30, 2025 and 2024 is as follows:

	2025	2024
Vehicle and equipment notes payable - various financing companies and financial institutions; monthly payments of principal and interest with interest rates ranging from 1.30% to 8.89%; maturing through 2028; collateralized by certain vehicles and equipment.	\$ 63,828	\$ 272,166
NMTC loan payable – loan payable to Florida Community Loan Fund as part of the New Market Tax Credit financing.	8,022,000	8,022,000
Subtotal	8,085,828	8,294,166
Less: current portion of long-term debt	(15,111)	(80,654)
Less: unamortized loan costs	(437,218)	(453,069)
Long-term debt, net	\$ 7,633,499	\$ 7,760,443

NMTC loan

The Organization has a loan payable to the Florida Community Loan Fund (FCLF) as part of the New Market Tax Credit (NMTC) financing. The NMTC loan is a 27 year loan executed in April 2019. Interest is charged at a fixed annual rate of 1.31% and paid annually effective December 2019. The NMTC loan is interest only through December 2027. Principal payments are scheduled to begin in December 2027. The NMTC loan is collateralized by substantially all of the assets of the Foundation, the restricted cash held in escrow, and the construction assets acquired by the NMTC loan proceeds. Interest accrued on the NMTC loan totaled \$88,037 and \$88,125, for the years ended September 30, 2025 and 2024, respectively.

Loan costs paid with the NMTC loan totaled \$538,929 and accumulated amortization at September 30, 2025 and 2024, was \$101,711 and \$85,860, respectively.

Principal maturities

Principal due on long-term debt in each of the five years subsequent to September 30, 2025, and thereafter, follows:

Year Ending September 30,	Amount
2026	\$ 15,111
2027	16,500
2028	267,595
2029	267,051
2030	256,162
Thereafter	7,263,409
Total	\$ 8,085,828

Note 10 – Description of Leasing Arrangements

The Organization has operating lease agreements for the rental of office space, recreational facilities, vehicles, and land, expiring through May 2043. All operating lease agreements for recreational facilities and land requires annual rent of \$1 each. The office lease requires contingent rental payments of the Organization's proportionate share of the landlord's common area operating costs. The recreational facilities leases require the Organization to pay all costs of maintaining and repairing the leased premises and may generally be extended for an additional five to ten years. Total in-kind rent expense for the years ended September 30, 2025 and 2024, totaled \$1,031,540 and \$1,100,191, respectively.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 10 – Description of Leasing Arrangements, Continued

The Organization has noncancelable operating leases for certain real property in West Palm Beach, Florida, along with other operating leases for equipment. The noncancelable operating leases have terms that extend through 2026.

Variable payments are not determinable at the lease commencement and are not included in the measurement of the lease assets and liabilities. The lease agreements do not include any material residual value guarantees or restrictive covenants. The discount rate used for operating lease liabilities is the risk-free U.S. Treasury rate.

The right-of-use assets are amortized over their estimated useful lives. The operating lease right-of-use assets and lease liabilities as of September 30, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Operating right-of-use assets	<u>\$ 234,780</u>	<u>\$ 66,126</u>
Short term	64,688	53,324
Long term	<u>167,697</u>	<u>11,686</u>
Operating lease liabilities	<u>\$ 232,385</u>	<u>\$ 65,010</u>

The components of operating lease expense that are included the consolidated statement of activities for the years ended September 30, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 66,608	\$ 72,057

The following summarizes the cash flow information related to operating leases for the years ended September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	<u>\$ 66,608</u>	<u>\$ 72,057</u>
ROU assets obtained in exchange for new lease liabilities	<u>\$ 288,104</u>	<u>\$ 128,623</u>

Weighted average lease term (in years) and discount rate as of September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term (in years)	3.90	1.17
Weighted average discount rate	4.35%	3.98%

At September 30, 2025, the minimum future payments under operating leases (with initial or remaining lease terms in excess of one year) are as follows:

<u>Year Ending September 30,</u>	
2026	\$ 73,239
2027	61,289
2028	56,724
2029	44,240
2030	<u>16,641</u>
Total minimum lease payments	252,133
Less: present value discount	<u>(19,748)</u>
Present value of lease liabilities	<u>\$ 232,385</u>

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 11 – 401(k) Safe Harbor Plan

The Organization maintains a Safe Harbor 401(k) profit sharing plan covering certain qualified employees in accordance with the provisions of Section 401(k) of the IRC. Under the plan, employees may elect to defer a portion of their salary, subject to IRS limits.

The Organization may make a safe harbor non-elective contribution in an amount equal to 3% of the eligible employee's compensation, which is allocated to all eligible employees. The Organization may also make profit sharing contributions at its discretion, which is allocated as defined by the plan, among all eligible employees. The Organization's contributions totaled \$194,555 and \$191,667 for the years ended September 30, 2025 and 2024, respectively.

Note 12 – Net Assets with Donor Restrictions

At September 30, 2025 and 2024, net assets with donor restrictions are available for the following purposes or periods:

	<u>2025</u>	<u>2024</u>
Purpose and time restrictions:		
Club:		
United Way allocation for next year	\$ 161,249	\$ 157,500
West Palm Beach land grant	286,024	286,024
Land under lease	1,687,214	1,745,267
Belle Glade Club grant	350,847	337,460
Warsaw Scholarship Fund	272,139	240,672
Foundation:		
Capital campaigns	2,495,582	12,884,416
Club buildings	35,726,130	3,215,028
Leverage Lender:		
Belle Glade Teen Center	<u>6,086,213</u>	<u>6,029,022</u>
	<u>47,065,398</u>	<u>24,895,389</u>
Endowment funds with perpetual restrictions:		
Foundation:		
DeGeorge Club	3,006,606	3,006,606
Beneficial interest in assets held by Community Foundation	125,000	125,000
Belle Glade Endowment	6,500,000	6,500,000
Wellington Endowment	5,200,000	5,200,000
Delray Beach Club	<u>785,450</u>	<u>785,450</u>
	<u>15,617,056</u>	<u>15,617,056</u>
Total net assets with donor restrictions	<u>\$ 62,682,454</u>	<u>\$ 40,512,445</u>

Net assets are released from donor restrictions by the Organization incurring costs or expenses satisfying the restricted purposes or by the occurrence of events and passage of time as specified by the donors.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 12 – Net Assets with Donor Restrictions, Continued

Net assets were released from donor restrictions during the years ended September 30, 2025 and 2024, for the following purposes:

	2025	2024
Purpose of restriction:		
Club:		
Time restrictions expired on United Way allocations	\$ 211,251	\$ 244,167
Belle Glade grant	125,112	46,705
Scholarships and enterprise club	3,918	5,325
Land under lease	58,053	-
Foundation:		
Capital campaign	490,635	509,084
Club buildings	<u>11,188,834</u>	<u>8,435,202</u>
	<u>\$ 12,077,803</u>	<u>\$ 9,240,483</u>

Note 13 – Endowment

The Organization’s endowment is established for the purposes expressed in the Organization’s charter and consists of donor-restricted endowment funds and funds designated by the Board of Directors (the Board) to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted and Board designated endowments may fall below the level that the donor or Board requires the Organization to retain as a fund of perpetual duration. Any such losses are recorded as reductions in net assets with donor restrictions and restored with subsequent gains.

Interpretation of relevant law

The Organization adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). FUPMIFA requires the Board to use reasonable care, skill and caution as exercised by a prudent investor, in considering the investment management and expenditures of endowment funds. In accordance with FUPMIFA, the Board may expend so much of an endowment fund as the Board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the purchasing power of the endowment fund.

The Board considers the following factors in making its determination:

- 1) The purpose of the Organization,
- 2) The intent of the donor of the endowment funds,
- 3) The term of the applicable instrument,
- 4) General economic conditions,
- 5) The possible effect of inflation or deflation,
- 6) The long-term and short-term needs of the Organization in carrying out its exempt purpose, and
- 7) Perpetuation of the endowment.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 13 – Endowment, Continued

Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to specified programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board, the assets are invested in a manner that is intended to produce results that exceed the price and yield results of multiple benchmarks based on the type of investment, while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return that will meet its spending rate plus the inflation rate. Actual returns in any given year may vary from this amount.

Strategies employed to achieve objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified allocation of the investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy

The Organization’s spending policy is designed to provide for positive growth in the market value of its endowment, net of distributions, over an extended period of time. Over the long-term, the spending policy is designed to return a net positive gain in the market value (growth) after spendable transfers. The Organization expects the current spending policy to allow its endowment to grow at an average annual rate consistent with the Organization’s objective to preserve and strengthen its endowment for the future.

Beneficial interest in assets held by Community Foundation

The Organization has an agreement with the Community Foundation of Palm Beach and Martin Counties (the Community Foundation) whereby an agency endowment fund was established totaling \$100,000. Under the terms of the agreement, the Organization may make irrevocable transfers to the Community Foundation to be maintained in perpetuity. Annual distributions of income and capital appreciation from the fund are subject to the Community Foundation’s spending policy and are to be used to fulfill the purposes of the Organization.

Endowment net assets

Changes in endowment net assets for the years ended September 30, 2025 and 2024, are presented as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, October 1, 2024	\$ -	\$ 15,617,056	\$ 15,617,056
Net investment return	-	2,425,300	2,425,300
Transfers	<u>-</u>	<u>(2,425,300)</u>	<u>(2,425,300)</u>
Endowment net assets, September 30, 2025	<u>\$ -</u>	<u>\$ 15,617,056</u>	<u>\$ 15,617,056</u>

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 13 – Endowment, Continued

Endowment net assets, continued

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, October 1, 2023	\$ -	\$ 15,617,056	\$ 15,617,056
Net investment return	-	2,629,024	2,629,024
Transfers	-	(2,679,024)	(2,679,024)
Contributions	-	50,000	50,000
Endowment net assets, September 30, 2024	\$ -	\$ 15,617,056	\$ 15,617,056

Note 14 – New Market Tax Credit

The Organization entered into a NMTC financing transaction to partially fund the construction of the Belle Glade Teen Center. The NMTC program is designed to spur new or increased investment into operating businesses and real estate projects located in low-income communities by offering investors a federal tax credit in exchange for the investments. To earn the tax credit, the NMTC Investor must remain invested for a seven-year period, which will end in 2026, for the Organization’s project.

As part of the financing arrangement, the Foundation issued a \$5,719,080 note receivable to the Investment Fund (Note 4). The Investment Fund in turn made an investment in FCNMF 28, LLC (FCNMF) and holds a 99.99% investment interest in FCNMF. FCNMF made a \$8,022,000 loan to the Organization’s project (Note 9).

As part of this financing arrangement, the Organization entered into a put and call agreement (Agreement) to take place at the end of the seven-year tax credit period. Under the Agreement, the NMTC Investor can exercise a put option to sell all interests in the Investment Fund to the Organization for \$1,000. If the NMTC Investor does not exercise that put option, then the Agreement allows the Organization to exercise a call option to purchase the interest in the Investment Fund at an appraised fair market value.

Leverage Lender received an initial contribution from the Foundation in the amount of \$5,719,080, and in turn, Leverage Lender made a loan (Note 4) to the Investment Fund. The transactions between the Foundation and Leverage Lender eliminate in consolidation.

Note 15 – Commitments and Contingencies

Grantor agencies

In the normal course of activities, the Organization receives grants and other forms of reimbursement from various government agencies. Those activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management believes that all of the expenditures are properly recorded and that the liability, if any, for any reimbursement which may arise as the result of audits would not be material.

Legal matters

From time to time, the Organization is a party to certain legal and regulatory proceedings with respect to a variety of matters. The Organization evaluates the likelihood of an unfavorable outcome of all legal regulatory proceedings to which it is a party and accrues a loss contingency when the loss is probable and reasonably estimable. These judgments are subjective based on the status of the legal or regulatory proceedings, the merits of its defenses and consultation with external legal counsel. Legal costs are expensed as incurred and recorded in general and administration expenses.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

Note 15 – Commitments and Contingencies, Continued

Legal matters, continued

Management believes that the final resolution of these matters will not have a material adverse effect on the Organization's financial position, cash flows, or results of operations.

Note 16 – Concentrations of Credit Risk

For the years ended September 30, 2025 and 2024, approximately 25% and 22%, respectively, of the Organization's total support and revenue was provided through grants with the State of Florida. For the years ended September 30, 2025 and 2024, approximately 5% of the Organization's support and revenue was provided through grant programs with Family Central, a pass-through agency for the Children's Services Council of Palm Beach County.

The Organization maintains its cash, cash equivalents, and restricted cash in various bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

Note 17 – Related Party Transactions

The Organization is an affiliate of the Boys & Girls Clubs of America. The Club's programs are sanctioned by the Boys & Girls Clubs of America, although its operations and management are independent of the national organization. At September 30, 2025 and 2024, there were no grants receivable from the Boys & Girls Clubs of America. For the years ended September 30, 2025 and 2024, grant revenues from the Boys & Girls Clubs of America amounted to \$128,549 and \$194,721, respectively.

Note 18 – Subsequent Events

On October 17, 2025, the Organization entered into a NMTC transaction which enabled the Organization to receive NMTC incentivized financing that is unavailable on the conventional lending market and partially fund renovations and ongoing operations of three of its clubs and facilities. The Club executed two notes payable totaling \$9,900,000 that bear interest at 1.058% and mature on December 31, 2055. The notes are secured by a lien in the loan disbursement and fee reserve account held by the Club. Leverage Lender executed a loan receivable with BG Palm Beach Investment Fund, LLC in the amount of \$7,355,000. The loan bears interest at a rate of 1% per annum and matures on December 31, 2050. The loan is secured by certain assets pledged by the Borrower, as defined in the Fund Pledge Agreement.

Management evaluated activity of the Organization subsequent to September 30, 2025 through January 26, 2026, the date the consolidated financial statements were available to be issued, for events that require recognition in the consolidated financial statements or disclosure in the notes thereto.

SUPPLEMENTARY INFORMATION

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2025

Federal grantor/program title	Grant Period	Federal CFDA Number	Passthrough Grantor's Identifying Number	Total Program Expenditures
U.S. Department of Justice:				
Passed through:				
Boys and Girls Clubs of America, Inc.				
Mentoring Programs Implementation	10/1/24-12/31/24	16.726	OJP 2023	\$ 45,849
Mentoring Programs Implementation	1/1/25-9/30/25	16.726	OJP 2024	<u>82,698</u>
Total Mentoring Programs Implementation				<u>128,547</u>
U.S. Department of Housing and Urban Development:				
Passed through:				
City of Boca Raton				
Community Development Block Grant	10/1/24-9/30/25	14.218		<u>29,050</u>
Total Community Development Block Grant				<u>29,050</u>
Urban Development Action Grant	10/1/24-9/30/25	14.218		<u>60,000</u>
Total Urban Development Action Grant				<u>60,000</u>
U.S. Department of Education:				
Passed through:				
Florida Department of Education				
Twenty-first Century Community Learning Centers	8/1/24-7/31/25	84.287	938-2442B-5PS03	536,809
	8/1/24-7/31/25	84.287	938-2442B-5PS01	516,182
	8/1/24-7/31/25	84.287	938-2442B-5P004	257,731
	8/1/24-7/31/25	84.287	938-2442B-5PR13	528,323
	8/1/24-7/31/25	84.287	938-2442B-5P003	500,994
	8/1/24-7/31/25	84.287	938-2442B-5PR12	492,859
	8/1/24-7/31/25	84.287	938-2442B-5P005	432,718
	8/1/24-7/31/25	84.287	938-2442B-5PRN9	522,136
	8/1/24-7/31/25	84.287	938-2442B-5P007	347,469
	8/1/24-7/31/25	84.287	938-2442B-5PRN14	680,050
	8/1/24-7/31/25	84.287	938-2442B-5PS05	527,394
	8/1/24-7/31/25	84.287	938-2442B-5PS02	393,842
	8/1/24-7/31/25	84.287	938-2442B-5PS07	436,228
	8/1/24-7/31/25	84.287	938-2442B-5PS08	443,411
	8/1/24-7/31/25	84.287	938-2442B-5PS06	427,060
	8/1/24-7/31/25	84.287	938-2442B-5PC24	422,925
	8/1/24-7/31/25	84.287	938-2442B-5P001	458,019
	8/1/24-7/31/25	84.287	938-2442B-5P002	510,410
	8/1/24-7/31/25	84.287	938-2442B-5P006	401,365
	8/1/24-7/31/25	84.287	938-2442B-5PS04	492,622
	8/1/24-7/31/25	84.287	938-2442B-4PR02	21,577
	8/1/24-7/31/25	84.287	938-2442B-4PR04	5,239
	8/1/24-7/31/25	84.287	938-2442B-4PR05	9,380
	8/1/24-7/31/25	84.287	938-2442B-4PR24	19,231
	8/1/24-7/31/25	84.287	938-2442B-4PR06	<u>19,554</u>
Total Twenty-first Century Community Learning Centers				<u>9,403,528</u>
Total expenditures of federal awards				<u>\$ 9,621,125</u>

See notes to schedules of expenditures of federal awards and state financial assistance projects.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE PROJECTS
For the Year Ended September 30, 2025

<u>State grantor/program title</u>	<u>Grant Period</u>	<u>State CSFA Number</u>	<u>Additional Award Identification</u>	<u>Total Program Expenditures</u>
Florida Department of Education:				
Mentoring/Student Assistance Initiatives (DOE)	7/1/24-6/30/25	48.068		\$ 212,406
Workforce (DOE)	7/1/24-6/30/25	48.068		160,097
DCF-Fatherhood	10/1/24-9/30/25	60.245	LJ247	294,251
DCF-Mentoring	10/1/24-9/30/25	60.220	LJ243	<u>247,740</u>
 Total Florida Department of Education				 <u>914,494</u>
 Total expenditures of state financial assistance projects				 <u>\$ 914,494</u>

None of the expenditures presented in this schedule were provided to subrecipients, were for loan or loan guarantee programs or non-cash assistance.

See notes to schedules of expenditures of federal awards and state financial assistance projects.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE PROJECTS

Note 1 – Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance projects (the Schedule) include the federal awards and state financial assistance activity of Boys & Girls Clubs of Palm Beach County, Inc. and affiliates (the Organization) under programs of the federal government and State of Florida for the year ended September 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the consolidated financial position, changes in net assets, or cash flows of the Organization.

Note 2 – Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.650, *Rules of the Florida Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 – Indirect Cost Rate

The Organization has elected not to use the 15 percent de minimis indirect cost rate as allowed under the Uniform Guidance. The reimbursement of indirect costs reflected in the accompanying consolidated financial statements as federal grant and state revenue is subject to final approval by federal and state grantor agencies and could be adjusted upon the results of these reviews. Management believes that the results of any such adjustment will not be material to the Organization's consolidated financial position or changes in net assets.

Note 4 – Contingency

The grant revenue amounts received, or receivable are subject to audit and adjustment. If any expenditure is disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement by the grantor agency would become a liability to the Organization. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements, and applicable federal and state laws and regulations.

CONSOLIDATING INFORMATION

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2025

	Boys and Girls Clubs of Palm Beach County, Inc.			Boys & Girls Clubs of Palm Beach County Foundation, Inc.		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS						
Current assets:						
Cash, cash equivalents, and restricted cash	\$ 1,614,016	\$ 231,328	\$ 1,845,344	\$ 3,457,536	\$ 1,649,925	\$ 5,107,461
Investments	-	-	-	21,059,412	50,070,561	71,129,973
Grant and accounts receivable, net	3,553,200	-	3,553,200	-	-	-
Current portion of unconditional promises to give, net	-	38,500	38,500	-	687,280	687,280
Due from the Foundation	5,700	-	5,700	-	-	-
Prepaid expenses	<u>1,277,893</u>	<u>-</u>	<u>1,277,893</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	6,450,809	269,828	6,720,637	24,516,948	52,407,766	76,924,714
Property and equipment, net	20,586,403	2,468,395	23,054,798	-	-	-
Right-of-use asset - operating leases	234,780	-	234,780	-	-	-
Unconditional promises to give, net of current portion	-	19,250	19,250	-	1,306,002	1,306,002
Note receivable - New Market Tax Credit	-	-	-	-	-	-
Beneficial interest in assets held by Community Foundation	-	-	-	92,881	125,000	217,881
Other assets	<u>260,131</u>	<u>-</u>	<u>260,131</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 27,532,123</u>	<u>\$ 2,757,473</u>	<u>\$ 30,289,596</u>	<u>\$ 24,609,829</u>	<u>\$ 53,838,768</u>	<u>\$ 78,448,597</u>
LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable and accrued expenses	\$ 2,013,814	\$ -	\$ 2,013,814	\$ -	\$ -	-
Due to the Clubs	-	-	-	5,700	-	5,700
Current portion of operating lease liabilities	64,688	-	64,688	-	-	-
Current portion of long-term debt	15,111	-	15,111	-	-	-
Deferred revenue	<u>847,447</u>	<u>-</u>	<u>847,447</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	2,941,060	-	2,941,060	5,700	-	5,700
Lease liabilities - operating, net	167,697	-	167,697	-	-	-
Long-term debt, net	<u>7,633,499</u>	<u>-</u>	<u>7,633,499</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>10,742,256</u>	<u>-</u>	<u>10,742,256</u>	<u>5,700</u>	<u>-</u>	<u>5,700</u>
Net assets:						
Without donor restrictions	16,789,867	-	16,789,867	24,604,129	-	24,604,129
With donor restrictions	<u>-</u>	<u>2,757,473</u>	<u>2,757,473</u>	<u>-</u>	<u>53,838,768</u>	<u>53,838,768</u>
Total net assets	<u>16,789,867</u>	<u>2,757,473</u>	<u>19,547,340</u>	<u>24,604,129</u>	<u>53,838,768</u>	<u>78,442,897</u>
Total liabilities and net assets	<u>\$ 27,532,123</u>	<u>\$ 2,757,473</u>	<u>\$ 30,289,596</u>	<u>\$ 24,609,829</u>	<u>\$ 53,838,768</u>	<u>\$ 78,448,597</u>

Boys & Girls Clubs of Palm Beach County Leverage Lender, Inc.			BGPBC Northpoint, LLC			Consolidated			
Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminating	Without Donor Restrictions	With Donor Restrictions	Total
\$ -	\$ 324,239	\$ 324,239	\$ -	\$ -	\$ -	\$ -	\$ 5,071,552	\$ 2,205,492	\$ 7,277,044
-	-	-	-	-	-	-	21,059,412	50,070,561	71,129,973
-	-	-	-	-	-	-	3,553,200	-	3,553,200
-	-	-	-	-	-	-	-	725,780	725,780
-	-	-	-	-	-	(5,700)	-	-	-
-	-	-	-	-	-	-	1,277,893	-	1,277,893
-	324,239	324,239	-	-	-	(5,700)	30,962,057	53,001,833	83,963,890
-	-	-	6,261,295	-	6,261,295	-	26,847,698	2,468,395	29,316,093
-	-	-	-	-	-	-	234,780	-	234,780
-	-	-	-	-	-	-	-	1,325,252	1,325,252
-	5,761,974	5,761,974	-	-	-	-	-	5,761,974	5,761,974
-	-	-	-	-	-	-	92,881	125,000	217,881
-	-	-	-	-	-	-	260,131	-	260,131
\$ -	\$ 6,086,213	\$ 6,086,213	\$ 6,261,295	\$ -	\$ 6,261,295	\$ (5,700)	\$ 58,397,547	\$ 62,682,454	\$ 121,080,001
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 2,013,814	\$ -	\$ 2,013,814
-	-	-	-	-	-	(5,700)	-	-	-
-	-	-	-	-	-	-	64,688	-	64,688
-	-	-	-	-	-	-	15,111	-	15,111
-	-	-	-	-	-	-	847,447	-	847,447
-	-	-	-	-	-	(5,700)	2,941,060	-	2,941,060
-	-	-	-	-	-	-	167,697	-	167,697
-	-	-	-	-	-	-	7,633,499	-	7,633,499
-	-	-	-	-	-	(5,700)	10,742,256	-	10,742,256
-	-	-	6,261,295	-	6,261,295	-	47,655,291	-	47,655,291
-	6,086,213	6,086,213	-	-	-	-	-	62,682,454	62,682,454
-	6,086,213	6,086,213	6,261,295	-	6,261,295	-	47,655,291	62,682,454	110,337,745
\$ -	\$ 6,086,213	\$ 6,086,213	\$ 6,261,295	\$ -	\$ 6,261,295	\$ (5,700)	\$ 58,397,547	\$ 62,682,454	\$ 121,080,001

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

September 30, 2024

	Boys and Girls Clubs of Palm Beach County, Inc.			Boys & Girls Clubs of Palm Beach County Foundation, Inc.		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions	
ASSETS						
Current assets:						
Cash, cash equivalents and restricted cash	\$ 959,509	\$ 340,422	\$ 1,299,931	\$ 6,820,508	\$ 662,868	\$ 7,483,376
Investments	-	-	-	21,259,655	18,715,173	39,974,828
Grant and accounts receivable, net	2,732,492	-	2,732,492	-	-	-
Current portion of unconditional promises to give, net	-	19,250	19,250	-	10,425,067	10,425,067
Prepaid expenses	<u>1,051,469</u>	<u>-</u>	<u>1,051,469</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	4,743,470	359,672	5,103,142	28,080,163	29,803,108	57,883,271
Property and equipment, net	23,742,180	2,368,751	26,110,931	-	-	-
Right-of-use asset - operating leases	66,126	-	66,126	-	-	-
Unconditional promises to give net of current portion	-	38,500	38,500	-	1,788,391	1,788,391
Note receivable - New Market Tax Credit	-	-	-	-	-	-
Beneficial interest in assets held by Community Foundation	-	-	-	74,999	125,001	200,000
Other assets	<u>210,935</u>	<u>-</u>	<u>210,935</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 28,762,711</u>	<u>\$ 2,766,923</u>	<u>\$ 31,529,634</u>	<u>\$ 28,155,162</u>	<u>\$ 31,716,500</u>	<u>\$ 59,871,662</u>
LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable and accrued expenses	\$ 1,825,679	\$ -	\$ 1,825,679	\$ -	\$ -	\$ -
Current portion of operating lease liabilities	53,324	-	53,324	-	-	-
Current portion of long-term debt	80,654	-	80,654	-	-	-
Deferred revenue	<u>3,176,526</u>	<u>-</u>	<u>3,176,526</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	5,136,183	-	5,136,183	-	-	-
Lease liabilities - operating, net	11,686	-	11,686	-	-	-
Long-term debt, net	<u>7,760,443</u>	<u>-</u>	<u>7,760,443</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>12,908,312</u>	<u>-</u>	<u>12,908,312</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets:						
Without donor restrictions	15,854,399	-	15,854,399	28,155,162	-	28,155,162
With donor restrictions	<u>-</u>	<u>2,766,923</u>	<u>2,766,923</u>	<u>-</u>	<u>31,716,500</u>	<u>31,716,500</u>
Total net assets	<u>15,854,399</u>	<u>2,766,923</u>	<u>18,621,322</u>	<u>28,155,162</u>	<u>31,716,500</u>	<u>59,871,662</u>
Total liabilities and net assets	<u>\$ 28,762,711</u>	<u>\$ 2,766,923</u>	<u>\$ 31,529,634</u>	<u>\$ 28,155,162</u>	<u>\$ 31,716,500</u>	<u>\$ 59,871,662</u>

Boys & Girls Clubs of Palm Beach
County Leverage Lender, Inc.

Boys & Girls Clubs of Palm Beach County Leverage Lender, Inc.			Consolidated			
Without Donor Restrictions	With Donor Restrictions	Total	Eliminating	Without Donor Unrestricted	With Donor Restricted	Total
\$ -	\$ 267,048	\$ 267,048	\$ -	\$ 7,780,017	\$ 1,270,338	\$ 9,050,355
-	-	-	-	21,259,655	18,715,173	39,974,828
-	-	-	-	2,732,492	-	2,732,492
-	-	-	-	-	10,444,317	10,444,317
-	-	-	-	1,051,469	-	1,051,469
-	267,048	267,048	-	32,823,633	30,429,828	63,253,461
-	-	-	-	23,742,180	2,368,751	26,110,931
-	-	-	-	66,126	-	66,126
-	-	-	-	-	1,826,891	1,826,891
-	5,761,974	5,761,974	-	-	5,761,974	5,761,974
-	-	-	-	74,999	125,001	200,000
-	-	-	-	210,935	-	210,935
<u>\$ -</u>	<u>\$ 6,029,022</u>	<u>\$ 6,029,022</u>	<u>\$ -</u>	<u>\$ 56,917,873</u>	<u>\$ 40,512,445</u>	<u>\$ 97,430,318</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,825,679	\$ -	\$ 1,825,679
-	-	-	-	53,324	-	53,324
-	-	-	-	80,654	-	80,654
-	-	-	-	3,176,526	-	3,176,526
-	-	-	-	5,136,183	-	5,136,183
-	-	-	-	11,686	-	11,686
-	-	-	-	7,760,443	-	7,760,443
-	-	-	-	12,908,312	-	12,908,312
-	-	-	-	44,009,561	-	44,009,561
-	6,029,022	6,029,022	-	-	40,512,445	40,512,445
-	6,029,022	6,029,022	-	44,009,561	40,512,445	84,522,006
<u>\$ -</u>	<u>\$ 6,029,022</u>	<u>\$ 6,029,022</u>	<u>\$ -</u>	<u>\$ 56,917,873</u>	<u>\$ 40,512,445</u>	<u>\$ 97,430,318</u>

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

**CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2025**

	Boys & Girls Clubs of Palm Beach County, Inc.			Boys & Girls Clubs of Palm Beach County Foundation, Inc.		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions	
Revenues and support:						
Contributions and grants	\$ 7,590,171	\$ 353,500	\$ 7,943,671	\$ -	\$ 7,879,712	\$ 7,879,712
Federal, state and local government grants	12,991,569	-	12,991,569	-	-	-
Special events, net of direct expenses	4,617,005	-	4,617,005	-	-	-
Program revenue	135,647	-	135,647	-	-	-
Donated facilities	1,031,540	-	1,031,540	-	-	-
Donated utilities	95,550	-	95,550	-	-	-
Donated food and other	2,137,079	-	2,137,079	-	-	-
Employee retention credit	1,162,562	-	1,162,562	-	-	-
Other	173,663	-	173,663	434,995	-	434,995
Total revenues and support before net assets released from donor restrictions	29,934,786	353,500	30,288,286	434,995	7,879,712	8,314,707
Net assets released from restrictions	398,334	(398,334)	-	11,679,469	(11,679,469)	-
Total revenue and support	30,333,120	(44,834)	30,288,286	12,114,464	(3,799,757)	8,314,707
Expenses:						
Program services:						
Character and leadership development	3,161,313	-	3,161,313	-	-	-
Education and career development	4,790,605	-	4,790,605	-	-	-
Sports, fitness and recreation	6,079,448	-	6,079,448	-	-	-
Health and life skills	2,431,778	-	2,431,778	-	-	-
Cultural arts	3,878,686	-	3,878,686	-	-	-
Technology	3,100,518	-	3,100,518	-	-	-
Total program services	23,442,348	-	23,442,348	-	-	-
Management and general	1,916,422	-	1,916,422	(62,038)	-	(62,038)
Fundraising	1,332,185	-	1,332,185	-	-	-
Total expenses	26,690,955	-	26,690,955	(62,038)	-	(62,038)
Change in net assets before non-operating activities	3,642,165	(44,834)	3,597,331	12,176,502	(3,799,757)	8,376,745
Transfer of assets	(2,437,058)	35,384	(2,401,674)	(17,795,182)	13,925,215	(3,869,967)
Net investment return	1,741	-	1,741	2,049,766	11,996,810	14,046,576
Net unrealized gain on beneficial interest in assets held by Community Foundation	-	-	-	17,881	-	17,881
Interest expense	(235,422)	-	(235,422)	-	-	-
Change in net assets	935,468	(9,450)	926,018	(3,551,033)	22,122,268	18,571,235
Net assets - beginning of year	15,854,399	2,766,923	18,621,322	28,155,162	31,716,500	59,871,662
Net assets - end of year	\$ 16,789,867	\$ 2,757,473	\$ 19,547,340	\$ 24,604,129	\$ 53,838,768	\$ 78,442,897

Boys & Girls Clubs of Palm Beach County Leverage Lender, Inc.			BGCPBC Northpoint, LLC			Consolidated			
Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminating	Without Donor Restrictions	With Donor Restrictions	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,590,171	\$ 8,233,212	\$ 15,823,383
-	-	-	-	-	-	-	12,991,569	-	12,991,569
-	-	-	-	-	-	-	4,617,005	-	4,617,005
-	-	-	-	-	-	-	135,647	-	135,647
-	-	-	-	-	-	-	1,031,540	-	1,031,540
-	-	-	-	-	-	-	95,550	-	95,550
-	-	-	-	-	-	-	2,137,079	-	2,137,079
-	-	-	-	-	-	-	1,162,562	-	1,162,562
-	57,191	57,191	-	-	-	-	608,658	57,191	665,849
-	57,191	57,191	-	-	-	-	30,369,781	8,290,403	38,660,184
-	-	-	-	-	-	-	12,077,803	(12,077,803)	-
-	57,191	57,191	-	-	-	-	42,447,584	(3,787,400)	38,660,184
-	-	-	-	-	-	-	3,161,313	-	3,161,313
-	-	-	-	-	-	-	4,790,605	-	4,790,605
-	-	-	-	-	-	-	6,079,448	-	6,079,448
-	-	-	-	-	-	-	2,431,778	-	2,431,778
-	-	-	-	-	-	-	3,878,686	-	3,878,686
-	-	-	-	-	-	-	3,100,518	-	3,100,518
-	-	-	-	-	-	-	23,442,348	-	23,442,348
-	-	-	10,346	-	10,346	-	1,864,730	-	1,864,730
-	-	-	-	-	-	-	1,332,185	-	1,332,185
-	-	-	10,346	-	10,346	-	26,639,263	-	26,639,263
-	57,191	57,191	(10,346)	-	(10,346)	-	15,808,321	(3,787,400)	12,020,921
-	-	-	6,271,641	-	6,271,641	-	(13,960,599)	13,960,599	-
-	-	-	-	-	-	-	2,051,507	11,996,810	14,048,317
-	-	-	-	-	-	-	17,881	-	17,881
-	-	-	-	-	-	-	(235,422)	-	(235,422)
-	57,191	57,191	6,261,295	-	6,261,295	-	3,645,730	22,170,009	25,815,739
-	6,029,022	6,029,022	-	-	-	-	44,009,561	40,512,445	84,522,006
\$ -	\$ 6,086,213	\$ 6,086,213	\$ 6,261,295	\$ -	\$ 6,261,295	\$ -	\$ 47,655,291	\$ 62,682,454	\$ 110,337,745

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2024

	Boys & Girls Clubs of Palm Beach County, Inc.			Boys & Girls Clubs of Palm Beach County Foundation, Inc.		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions	
Revenues and support:						
Contributions and grants	\$ 9,830,144	\$ 77,000	\$ 9,907,144	\$ -	\$ 10,662,240	\$ 10,662,240
Federal, state and local government grants	11,953,128	-	11,953,128	-	-	-
Special events, net of direct expenses	4,642,375	-	4,642,375	-	-	-
Program revenue	168,832	-	168,832	-	-	-
Donated facilities	1,100,191	-	1,100,191	-	-	-
Donated utilities	128,400	-	128,400	-	-	-
Donated food and other	3,893,365	-	3,893,365	-	-	-
Other	118,036	-	118,036	2,839	-	2,839
Total revenues and support before net assets released from donor restrictions	31,834,471	77,000	31,911,471	2,839	10,662,240	10,665,079
Net assets released from restrictions	296,197	(296,197)	-	8,944,286	(8,944,286)	-
Total revenue and support	32,130,668	(219,197)	31,911,471	8,947,125	1,717,954	10,665,079
Expenses:						
Program services:						
Character and leadership development	3,224,080	-	3,224,080	-	-	-
Education and career development	4,886,627	-	4,886,627	-	-	-
Sports, fitness and recreation	6,202,465	-	6,202,465	-	-	-
Health and life skills	2,481,533	-	2,481,533	-	-	-
Cultural arts	3,958,439	-	3,958,439	-	-	-
Technology	3,164,023	-	3,164,023	-	-	-
Total program services	23,917,167	-	23,917,167	-	-	-
Management and general	2,012,774	-	2,012,774	7,395	-	7,395
Fundraising	1,362,480	-	1,362,480	-	-	-
Total expenses	27,292,421	-	27,292,421	7,395	-	7,395
Change in net assets before non-operating activities	4,838,247	(219,197)	4,619,050	8,939,730	1,717,954	10,657,684
Transfer of assets	1,091,798	111,768	1,203,566	588,083	(1,791,649)	(1,203,566)
Net investment return	1,641	-	1,641	1,303,359	3,123,107	4,426,466
Net unrealized gain on beneficial interest in assets held by Community Foundation	-	-	-	19,200	-	19,200
Interest expense	(260,182)	-	(260,182)	-	-	-
Change in net assets	5,671,504	(107,429)	5,564,075	10,850,372	3,049,412	13,899,784
Net assets - beginning of year	10,182,895	2,874,352	13,057,247	17,304,790	28,667,088	45,971,878
Net assets - end of year	\$ 15,854,399	\$ 2,766,923	\$ 18,621,322	\$ 28,155,162	\$ 31,716,500	\$ 59,871,662

Boys & Girls Clubs of Palm Beach County Leverage Lender, Inc.			Consolidated			
Without Donor Restrictions	With Donor Restrictions	Total	Eliminating	Without Donor Restrictions	With Donor Restrictions	Total
\$ -	\$ -	\$ -	\$ -	\$ 9,830,144	\$ 10,739,240	\$ 20,569,384
-	-	-	-	11,953,128	-	11,953,128
-	-	-	-	4,642,375	-	4,642,375
-	-	-	-	168,832	-	168,832
-	-	-	-	1,100,191	-	1,100,191
-	-	-	-	128,400	-	128,400
-	-	-	-	3,893,365	-	3,893,365
-	57,190	57,190	-	120,875	57,190	178,065
-	57,190	57,190	-	31,837,310	10,796,430	42,633,740
-	-	-	-	9,240,483	(9,240,483)	-
-	57,190	57,190	-	41,077,793	1,555,947	42,633,740
-	-	-	-	3,224,080	-	3,224,080
-	-	-	-	4,886,627	-	4,886,627
-	-	-	-	6,202,465	-	6,202,465
-	-	-	-	2,481,533	-	2,481,533
-	-	-	-	3,958,439	-	3,958,439
-	-	-	-	3,164,023	-	3,164,023
-	-	-	-	23,917,167	-	23,917,167
-	-	-	-	2,020,169	-	2,020,169
-	-	-	-	1,362,480	-	1,362,480
-	-	-	-	27,299,816	-	27,299,816
-	57,190	57,190	-	13,777,977	1,555,947	15,333,924
-	-	-	-	1,679,881	(1,679,881)	-
-	-	-	-	1,305,000	3,123,107	4,428,107
-	-	-	-	19,200	-	19,200
-	-	-	-	(260,182)	-	(260,182)
-	57,190	57,190	-	16,521,876	2,999,173	19,521,049
-	5,971,832	5,971,832	-	27,487,685	37,513,272	65,000,957
\$ -	\$ 6,029,022	\$ 6,029,022	\$ -	\$ 44,009,561	\$ 40,512,445	\$ 84,522,006



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Boards of Directors
Boys & Girls Clubs of Palm Beach County, Inc. and affiliates
West Palm Beach, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Boys & Girls Clubs of Palm Beach County, Inc. and affiliates, a nonprofit Organization, (the Organization), which comprise the consolidated statement of financial position as of September 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 26, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Templeton & Company, LLP

West Palm Beach, Florida
January 26, 2026



Independent Auditor's Report on Compliance Requirements for Each Major Federal Program and State Financial Assistance Project; and Report on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, Rules of the Florida Auditor General

Boards of Directors
Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates
West Palm Beach, Florida

Report on Compliance for Each Major Federal Program and State Financial Assistance Project

We have audited Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates' (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Florida Department of Financial Services' State Project Compliance Supplement, that could have a direct and material effect on each of the Organization's major federal programs and state financial assistance projects for the year ended September 30, 2025. The Organization's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program and State Financial Assistance Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Florida Auditor General*. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.650, *Rules of the Florida Auditor General* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program and state financial assistance project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs and state financial assistance projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit.

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 generally accepted auditing standards in the United States of America, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, *Rules of the Florida Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program and state financial assistance project as a whole.

In performing an audit in accordance with generally accepted auditing standards in the United States of America, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, *Rules of the Florida Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state financial assistance project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state financial assistance project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or a state financial assistance project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

Templeton & Company, LLP

West Palm Beach, Florida
January 26, 2026

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2025**

Part I – Summary of Auditor's Results:

Financial statement section:

Type of auditor's report issued. Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	No
Significant deficiency(ies)?	No
Noncompliance material to financial statements noted?	No

Federal Awards and State Financial Assistance Projects:

Internal control over major programs	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No

Type of auditor's report issued on compliance for major programs
Federal Awards and State Financial Assistance Projects

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with section 2 CFR 200.516(a) or
Chapter 10.650, *Rules of the Florida Auditor General*

No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.287	Twenty-first Century Community Learning Centers
16.726	Mentoring Programs Implementation

Identification of major state programs:

<u>CSDA Number</u>	<u>Name of State Projects or Cluster</u>
48.068	Mentoring/Student Assistance Initiative
48.068	Workforce

Dollar threshold used to distinguish between
Federal Type A and Type B programs

\$750,000

Dollar threshold used to distinguish between
State Type A and Type B programs

\$300,000

Auditee qualified as low-risk auditee

Yes

Part II – Financial Statement Findings

No matters were identified.

Part III – Findings and Questioned Costs for Federal Awards

None reported.

BOYS & GIRLS CLUBS OF PALM BEACH COUNTY, INC. AND AFFILIATES

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2025**

Part IV – Findings and Questioned Costs for State Financial Assistance Projects

None reported.

Part V – Prior Year Findings and Questioned Costs for Federal Awards and State Financial Assistance Projects

None reported.



Independent Auditor's Management Letter in Accordance with the State of Florida Rules of the Auditor General

Boards of Directors
Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates
West Palm Beach, Florida

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of Boys & Girls Clubs of Palm Beach County, Inc. and Affiliates (the Organization), as of and for the year ended September 30, 2025, and have issued a report thereon dated January 26, 2026.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; the audit requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, *Rules of the Florida Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Finance Assistance Project; and Report on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, *Rules of the Florida Auditor General*; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated January 26, 2026, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), *Rules of the Florida Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the consolidated financial statements or State project amounts that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be, and should not be, used by anyone other than those specified parties.

A handwritten signature in cursive script that reads 'Templeton & Company, LLP'.

West Palm Beach, Florida
January 26, 2026