

BOYS & GIRLS CLUB OF WALKER COUNTY, TEXAS, INC.

ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

BOYS & GIRLS CLUB OF WALKER COUNTY, TEXAS, INC.

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FINANCIAL SECTION



Certified Public Accountants

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Independent Auditor's Report

Members of the Corporate Board
Boys & Girls Club of Walker County, Texas, Inc.
Huntsville, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Boys & Girls Club of Walker County, Texas, Inc. (the "Corporation"), a Texas nonprofit organization, which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Financial Statements section of our report. We are required to be independent of the Corporation 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 opinions.

Responsibilities of Management for the Financial Statements

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

Independent Auditor's Report

Members of the Board of Directors

May 27, 2025

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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

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

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

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

Independent Auditor's Report

Members of the Board of Directors

May 27, 2025

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2025, on our consideration of the Corporation's 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 Corporation's 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 Corporation's internal control over financial reporting and compliance.

Goff & Herrington, P.C.

GOFF & HERRINGTON, P.C.

Certified Public Accountants

May 27, 2025

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FINANCIAL STATEMENTS

BOYS & GIRLS CLUB OF WALKER COUNTY, TEXAS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

ASSETS	2024	2023
Current Assets:		
Cash and cash equivalents	\$ 251,002	\$ 350,104
Grant and contract receivables	36,708	127,367
Promises to give	32,457	33,920
Prepaid assets	7,437	5,498
Restricted cash and cash equivalents	8,718	42,272
Total Current Assets	<u>336,322</u>	<u>559,161</u>
Capital Assets:		
Land	290,432	290,432
Buildings and improvements	2,439,257	2,439,257
Furniture and equipment	9,750	9,750
Vehicles	61,644	18,748
Right-to-use leased assets	35,469	35,469
Total Capital Assets	<u>2,836,552</u>	<u>2,793,656</u>
Accumulated depreciation	<u>(499,244)</u>	<u>(405,006)</u>
Total Net Capital Assets	<u>2,337,308</u>	<u>2,388,650</u>
Total Assets	\$ <u>2,673,630</u>	\$ <u>2,947,811</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 17,862	\$ 24,984
Accrued liabilities	16,025	20,499
Accrued interest payable	4,321	5,797
Notes payable - current	14,300	357,164
Leases payable - current	6,695	6,337
Total Current Liabilities	<u>59,203</u>	<u>414,781</u>
Noncurrent Liabilities:		
Notes payable - long-term	459,850	149,190
Leases payable - long-term	16,438	23,133
Total Noncurrent Liabilities	<u>476,288</u>	<u>172,323</u>
Total Liabilities	<u>535,491</u>	<u>587,104</u>
Net Assets:		
Without donor restrictions	1,909,100	2,056,032
With donor restrictions	229,039	304,675
Total Net Assets	<u>2,138,139</u>	<u>2,360,707</u>
Total Liabilities and Net Assets	\$ <u>2,673,630</u>	\$ <u>2,947,811</u>

The accompanying notes are an integral part of these financial statements

BOYS & GIRLS CLUB OF WALKER COUNTY, TEXAS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2024 Total</u>	<u>2023 Total</u>
REVENUES:				
Government grants	\$ -	\$ 252,489	\$ 252,489	\$ 544,138
Contributions	147,268	322,210	469,478	343,077
Capital campaign contributions	-	10,774	10,774	36,316
Program fees	142,273	-	142,273	138,396
Fundraising income	144,498	-	144,498	111,455
In-kind contributions	176,740	-	176,740	229,587
Net investment income (loss)	9,210	3	9,213	10,558
Other income	6,728	-	6,728	13,993
	<u>626,717</u>	<u>585,476</u>	<u>1,212,193</u>	<u>1,427,520</u>
Net assets released from restrictions	<u>661,112</u>	<u>(661,112)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>1,287,829</u>	<u>(75,636)</u>	<u>1,212,193</u>	<u>1,427,520</u>
EXPENSES:				
Program services				
Youth Development	856,575	-	856,575	743,592
Adult Education	287,056	-	287,056	591,203
General and administrative	212,041	-	212,041	256,632
Fundraising	79,089	-	79,089	52,716
	<u>1,434,761</u>	<u>-</u>	<u>1,434,761</u>	<u>1,644,143</u>
Total Expenses	<u>1,434,761</u>	<u>-</u>	<u>1,434,761</u>	<u>1,644,143</u>
Change in Net Assets	<u>(146,932)</u>	<u>(75,636)</u>	<u>(222,568)</u>	<u>(216,623)</u>
Net Assets, Beginning of Year	<u>2,056,032</u>	<u>304,675</u>	<u>2,360,707</u>	<u>2,577,330</u>
Net Assets, End of Year	<u>\$ 1,909,100</u>	<u>\$ 229,039</u>	<u>\$ 2,138,139</u>	<u>\$ 2,360,707</u>

The accompanying notes are an integral part of these financial statements

BOYS & GIRLS CLUB OF WALKER COUNTY, TEXAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

	Program Services			Total				
	Youth Development	Adult Education	Program Services		General and Administrative	Fund-Raising	2024 Total	2023 Total
Personnel Costs:								
Payroll	\$ 354,965	\$ 180,335	\$ 535,300	\$	116,994	\$ 43,734	\$ 696,028	\$ 810,347
Payroll taxes	29,146	13,496	42,642		9,278	1,914	53,834	62,235
Employee benefits	37,975	27,271	65,246		25,825	4,934	96,005	94,895
Travel	529	438	967		191	-	1,158	738
Total Personnel	<u>422,615</u>	<u>221,540</u>	<u>644,155</u>		<u>152,288</u>	<u>50,582</u>	<u>847,025</u>	<u>968,215</u>
Program Costs:								
In-kind (food)	118,990	-	118,990		-	-	118,990	116,901
Other program costs	1,928	5,402	7,330		2,543	38	9,911	36,879
Total Program Costs	<u>120,918</u>	<u>5,402</u>	<u>126,320</u>		<u>2,543</u>	<u>38</u>	<u>128,901</u>	<u>153,780</u>
Occupancy Costs:								
In-kind (rent and utilities)	7,161	34,146	41,307		16,443	-	57,750	112,686
Other occupancy costs	74,066	4,243	78,309		9,710	4,789	92,808	109,661
Total Occupancy Costs	<u>81,227</u>	<u>38,389</u>	<u>119,616</u>		<u>26,153</u>	<u>4,789</u>	<u>150,558</u>	<u>222,347</u>
Other Costs:								
Contractual	8,880	9,827	18,707		8,861	43	27,611	21,793
Special events	9,822	-	9,822		-	16,726	26,548	21,582
Insurance	22,234	2,483	24,717		3,782	1,245	29,744	25,228
Office expense	24,971	3,432	28,403		7,098	1,977	37,478	55,721
Depreciation	88,633	-	88,633		5,605	-	94,238	89,949
Other expenses	77,275	5,983	83,258		5,711	3,689	92,658	105,528
	<u>231,815</u>	<u>21,725</u>	<u>253,540</u>		<u>31,057</u>	<u>23,680</u>	<u>308,277</u>	<u>299,801</u>
Total Program Expenses	<u>\$ 856,575</u>	<u>\$ 287,056</u>	<u>\$ 1,143,631</u>	<u>\$</u>	<u>212,041</u>	<u>\$ 79,089</u>	<u>\$ 1,434,761</u>	<u>\$ 1,644,143</u>

The accompanying notes are an integral part of these financial statements

BOYS & GIRLS CLUB OF WALKER COUNTY, TEXAS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Increase (decrease) in net assets	\$ (222,568)	\$ (216,623)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	94,238	89,949
(Increase) Decrease in operating assets:		
Grants receivable	90,659	(1,255)
Other receivables	1,463	16,504
Prepaid assets	(1,939)	1,682
Increase (decrease) in operating liabilities:		
Accounts payable	(7,122)	3,953
Accrued liabilities	(5,950)	41,648
Net cash used in operating activities	<u>(51,219)</u>	<u>(64,142)</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	<u>(42,896)</u>	<u>-</u>
Net cash flows used in financing activities	<u>(42,896)</u>	<u>-</u>
Cash Flows from Financing Activities:		
Payments on long-term obligations	<u>(38,541)</u>	<u>(57,388)</u>
Net cash flows used in financing activities	<u>(38,541)</u>	<u>(57,388)</u>
Net decrease in cash and cash equivalents	(132,656)	(121,530)
Cash and cash equivalents, beginning of year	<u>392,376</u>	<u>513,906</u>
Cash and cash equivalents, end of year	\$ <u><u>259,720</u></u>	\$ <u><u>392,376</u></u>
 Cash paid during the year for interest	 \$ <u><u>21,428</u></u>	 \$ <u><u>23,109</u></u>

The accompanying notes are an integral part of these financial statements

BOYS & GIRLS CLUB OF WALKER COUNTY, TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

ORGANIZATION AND OPERATION

Boys & Girls Club of Walker County, Texas, Inc. (the “Corporation”) is a non-profit organization incorporated in 2002 under state law for the purpose of providing activities dedicated to promoting the health, social, educational, vocational and character development of boys and girls from all economic backgrounds, with special emphasis for those from disadvantaged circumstances. The Corporation receives the majority of its revenues from donated goods and services, public contributions and federal grants, and the loss of any one of those sources may be material.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation: The Corporation has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Corporation is required to present a statement of cash flows.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated according to an approved cost allocation plan include office and utilities, which are allocated on a square footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Concentrations of Credit Risk: Financial instruments, which subject the Corporation to concentrations of credit risk, consist principally of cash and cash equivalents, investments, and receivables. The Corporation places its cash and cash equivalents with high credit quality financial institutions. At times, deposits with these financial institutions exceeded insured limits. The Corporation has not experienced any losses in such accounts and believes that it is not exposed to any significant financial risk on cash.

Generally, no collateral or other security is required to support receivables. An allowance for doubtful accounts is established and accounts are written off as needed based upon factors surrounding the credit risk of specific contributors. Management believes that all contributions, pledges and other receivables are collectible; therefore, no allowance for doubtful accounts has been recorded at December 31, 2024.

Promises to Give: Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

BOYS & GIRLS CLUB OF WALKER COUNTY, TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Revenue and Support: Contributions without donor restrictions are recognized as support when received. The Corporation reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions whose restrictions are met in the same year are reported as support without donor restrictions.

Support is received from solicitations for general donations and memberships to entities and individuals located in the Walker County region. Support is also obtained by holding fundraising events and applying for grants. Additionally, the Corporation offers fee-based activities at certain locations. Revenue with donor restrictions generally consists of grants to be used for operations of a particular period, location or purpose or contributions to specific building funds. Program and supporting service expenses are determined by the Board of Directors which is composed of residents from the region for which the contributions are received.

Federal Revenue: The Corporation received federal funding during the years ending December 31, 2024 and 2023 from OJJDP (Office of Juvenile Justice and Delinquency Prevention) in the amounts of \$22,967 and \$21,404, respectfully. In addition, they continued providing services for an adult learning grant and received \$137,879 and \$324,020 in related federal revenues during 2024 and 2023, respectfully. The adult learning grant is a federal grant passed through the Texas Workforce Commission and then through the Houston-Galveston Area Council. Both of these grants are paid after services are provided.

Income Tax Status: The Corporation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986 and, therefore, has no provision for federal income taxes. The Corporation is not a private foundation within the meaning of Section 501(a) of the Internal Revenue Code. Form 990 is filed annually.

The Corporation believes that all significant tax positions utilized by the Corporation will "more likely than not" be sustained upon examination. As of December 31, 2024, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the fiscal year 2019 forward (with limited exceptions). Tax penalties and interest, if any, would be accrued as incurred and would be classified as general and administrative expense in the statement of activities.

Cash and Cash Equivalents: For the purposes of the statements of cash flows, the Corporation considers all unrestricted, highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, which include petty cash, demand deposits, and certain money market accounts.

Restricted Cash and Cash Equivalents: Cash restricted for the capital campaign for the building and the endowment has been restricted by donors and is not available for operating purposes.

BOYS & GIRLS CLUB OF WALKER COUNTY, TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Fixed Assets: Acquisitions of buildings, equipment, and improvements and all expenditures for repairs, greater than \$5,000, that materially prolong the useful lives of assets are capitalized.

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided by use of the straight-line method over the estimated useful lives of the assets. Depreciation is calculated for buildings over 20-30 years, equipment over 5-10 years, and vehicles over 5-10 years. Donated assets are stated at fair value at the time of donation.

Financial Statement Presentation: Information regarding the financial position and activities of the Corporation is reported in two categories as follows:

Without Donor Restrictions - represent expendable funds available for operations which are not otherwise limited by donor restrictions.

With Donor Restrictions - consist of contributed funds subject to donor imposed restrictions related to a specific purpose, requiring a specific passage of time before the funds can be spent, or are subject to irrevocable donor restrictions requiring the assets be maintained in perpetuity for the purpose of generating investment income to fund current operations.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reported period. Actual results could differ from those estimates.

Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Expenses which directly benefit a specific program are charged to the program benefitted. Certain other costs benefit more than one program and accordingly are allocated to the various programs and supporting services benefitted.

Subsequent Events: Management has evaluated subsequent events through May 27, 2025, the date the financial statements were available to be issued.

LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation's primary liquidity resources are grant receipts, donations from the general public, and activity and membership fees related to clubhouse operations.

The Corporation's financial assets as of December 31, 2024, are reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations. There were no internal designations for expenditure as of December 31, 2024. Amounts restricted by donors includes \$40,150 for the construction of a new building and \$1,025 to maintain an endowment. Amounts restricted by donors for 2024 operations are considered to be available to meet cash needs for general expenditures within one year.

BOYS & GIRLS CLUB OF WALKER COUNTY, TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

The Corporation has \$287,710 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash in banks of \$259,720, less cash restricted by donors of \$8,718, and grants and other receivables of \$36,708.

CASH AND INVESTMENTS

The Corporation maintains its cash balances at one financial institution located in Walker County, Texas. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times during the year cash balances may exceed insured limits. At December 31, 2024, the Corporation's cash balances were fully covered by federal insurance. The Corporation has not experienced any losses in such accounts.

DONATED GOODS AND SERVICES

The Corporation records the value of donated goods or services when there is an objective basis available to measure their value. Donated goods and services are reflected as contributions in the accompanying statements at their estimated values at date of receipt.

Included in total revenue during the years ended December 31, 2024 and 2023 is \$176,740 and \$229,587, respectfully, in donated goods and services as follows:

	<u>2024</u>	<u>2023</u>
Program costs - food	118,990	116,901
Occupancy costs - rent and utilities	<u>57,750</u>	<u>112,686</u>
Total Donated Goods and Services	<u><u>176,740</u></u>	<u><u>229,587</u></u>

Program costs consist of donated breakfasts, lunches and after-school meals provided to the children by Huntsville Independent School District. Values are based on meal reimbursement rates. After school snacks are no longer provided. The accounting services provided to the Corporation are valued at fair market value and reflect approximately what would be expended if these professional services were not donated.

Occupancy costs include the approximate value of rent and utilities that Huntsville Independent School District provides the Corporation and another building used for AEL classes donated by Trinity River Food Bank. The Corporation discontinued use of the Trinity River Food Bank building in fiscal year 2024. These locations for administrative and program activities totaled approximately 2,750 square feet of space during 2024 and 5,884 square feet in 2023. For the years ending December 31, 2024 and 2023, the Corporation reviewed its procedures for the valuation of its occupancy cost. A valuation provided by an independent real estate agent of \$1.75 per square foot, per month, was used for rent and the cost of utilities for a similar building.

BOYS & GIRLS CLUB OF WALKER COUNTY, TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

PROMISES TO GIVE

The Organization assesses the classification of whether pledges are conditional or unconditional promises to give. As a result of the assessment of each pledge, the Organization determined that there are no conditional promises to give.

Unconditional promises to give at December 31, 2024 and 2023 consist of the following:

	2024	2023
Capital Campaign Donations	32,457	33,920
Less: Unamortized discounts	-	-
Net Unconditional Promises to Give	<u>32,457</u>	<u>33,920</u>

PREPAID EXPENSES

At December 31, 2024 and 2023, the Corporation's prepaid expenses were comprised of the following:

	2024	2023
Prepaid insurance	5,157	3,338
Prepaid software licenses	1,834	1,196
Other prepaid expenses	446	964
Total	<u>7,437</u>	<u>5,498</u>

PROPERTY AND EQUIPMENT

Activity in the property and equipment accounts can be summarized as follows:

	Balance January 1, 2024	Additions	Adjustments/ Retirements	Balance December 31, 2024
Land	290,432	-	-	290,432
Buildings and improvements	2,439,257	-	-	2,439,257
Furniture and equipment	9,750	-	-	9,750
Vehicles	18,748	42,896	-	61,644
Right-to-use leased assets	35,469	-	-	35,469
Total Fixed Assets	<u>2,793,656</u>	<u>42,896</u>	<u>-</u>	<u>2,836,552</u>
Accumulated depreciation	<u>(405,006)</u>	<u>(94,238)</u>	<u>-</u>	<u>(499,244)</u>
Fixed Assets, net	<u>2,388,650</u>	<u>(51,342)</u>	<u>-</u>	<u>2,337,308</u>

Depreciation expense for the years ended December 31, 2024 and 2023 was \$94,238 and \$89,949, respectively.

BOYS & GIRLS CLUB OF WALKER COUNTY, TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NET ASSETS WITH DONOR RESTRICTIONS

Donor restrictions on net assets are primarily related to funds raised through the Capital Campaign. Cash and promises to give are restricted to the cost of acquiring and building the new facility and debt payments related to the building note. In addition, contributions to the Endowment are also restricted. Net assets with donor restrictions were as follows:

	Restricted Balance January 1, 2024	Restrictions Additions	Restrictions Released	Restricted Balance December 31, 2024
Capital campaign	75,170	10,774	(45,794)	40,150
Endowment	1,022	3	-	1,025
Other restrictions - operations	228,483	574,699	(615,318)	187,864
Total	<u>304,675</u>	<u>585,476</u>	<u>(661,112)</u>	<u>229,039</u>

NOTE G - DONATED VOLUNTEER SERVICES

The Corporation receives donated services for its programs from approximately 200 volunteers. Consistent with generally accepted accounting principles for not-for-profit organizations, the value of contributed time by unpaid volunteers is not reflected on these statements because the services received did not enhance non-financial assets and the Corporation would not pay for the services if they were not donated.

LONG-TERM OBLIGATIONS

In prior years, the Corporation obtained a mortgage loan to finance the purchase of a building. The permanent financing on the building is a five-year balloon note with monthly principal and interest payments, based on a twenty-year amortization. The interest rate for the permanent loan is 6.00% and is fixed until the note matures. The note was refinanced November 20, 2024 and will mature November 20, 2029. The Corporation periodically makes additional principal payments above required amounts each month. The loan is secured by a Deed of Trust on Lot 1-R2 (containing 2.81 acres) of HISD Addition Section 1, a subdivision within the City of Huntsville.

As a result of the COVID 19 pandemic, the SBA Office of Disaster Assistance assisted non-profits by issuing Economic Injury Disaster Loans (EIDL). The Corporation received a \$150,000 loan on December 22, 2020 which is to be repaid within thirty years with an interest rate of 2.75%. Payments are \$641 per month. Interest payments began accruing from the original date of the note. The loan is secured by a general security agreement (UCC) designating business assets (equipment, furniture and fixtures) as well as all officers signing the note are jointly and severally liable.

In prior years, the Corporation entered into a lease agreement for high-capacity copiers. The lease has an interest rate of 5.50%, annual payments of \$7,800, and a maturity date in March, 2028. The total net book value of the copiers at December 31, 2024 and 2023 was \$20,718 and \$27,812, respectfully, including accumulated depreciation of \$14,751 and \$7,656 at December 31, 2024 and 2023, respectfully.

BOYS & GIRLS CLUB OF WALKER COUNTY, TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Long term liability activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within one year
Building Note	353,785	-	29,635	324,150	14,300
SBA Loan	152,569	4,125	2,373	154,321	3,567
Lease Obligations	29,470	-	6,337	23,133	6,695
Total Long-term Obligations	535,824	4,125	38,345	501,604	24,562

Annual debt service requirements to maturity for the Corporation's long term debt are as follows:

Year ending December 31,	Notes Payable		Leases Payable		Total
	Principal	Interest	Principal	Interest	
2025	17,867	23,185	6,695	1,105	48,852
2026	18,636	22,278	7,073	727	48,714
2027	19,806	21,246	7,471	329	48,852
2028	20,903	20,149	1,894	16	42,962
2029	265,333	17,764	-	-	283,097
2030-2034	21,168	17,292	-	-	38,460
2035-2039	24,284	14,176	-	-	38,460
2040-2044	27,859	10,601	-	-	38,460
2045-2049	31,961	6,499	-	-	38,460
2050-2054	30,654	1,851	-	-	32,505
Totals	478,471	155,041	23,133	2,177	658,822

EMPLOYEE BENEFIT PLAN

The Corporation sponsors a profit-sharing plan for its employees. All employees who have worked 1,000 hours in each of the two previous years, and are 21 years of age, are eligible to participate. Participants are 100% vested after five years of participation. After the first year, employees must work at least 500 hours during the year to remain eligible to receive a contribution. The employer may contribute up to five percent of the participating employees' earnings to the plan. Contributions by the Corporation was \$21,451 and \$16,936 for the year ended December 31, 2024 and 2023, respectfully.

BOYS & GIRLS CLUB OF WALKER COUNTY, TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

COMPENSATED ABSENCES

Employees earn between 10 and 20 personal time off days per year depending on years of service and employment status. Any unused days not banked lapse at December 31 each year. Unused time is payable upon resignation for employees who provide at least two weeks notice. The Corporation had no liability to employees for accumulated unpaid vacation or sick leave benefits at December 31, 2024.

AFFILIATION WITH BOYS AND GIRLS CLUBS OF AMERICA, INC.

The Corporation is voluntarily affiliated with Boys and Girls Clubs of America, Inc. (BGCA). In addition to participating in the Pension Trust discussed above, the Corporation paid dues to BGCA amounting to \$6,377 and \$7,561 during 2024 and 2023, respectfully. Dues entitle the Corporation to staff training, program support, and the opportunity to participate in grants arranged by BGCA.

FUNCTIONAL ALLOCATION OF EXPENSES

The Corporation allocates expenses between program services (Youth Development and Adult Education), general and administrative, and fundraising expense categories based on the perceived benefit. Expenses are primarily directly allocated to programs and support functions during accounts payable and payroll processing using the following methods:

- Employee salary and wage costs are allocated to programs and support based on time reported on weekly time sheets. Payroll tax and benefit costs are allocated proportionately with time across functions.
- Professional fees and contract services are generally allocated to support functions, unless they are incurred in direct facilitation of program operations.
- Assets are assigned to specific programs or for administrative use at acquisition. Depreciation incurred over the life of the asset and losses incurred upon disposal are allocated to functional expense categories based on the function to which the assets are assigned. Depreciation for asset assigned as used in administration are reported in the related expense category.
- All other costs are allocated to the functional expense categories based on management knowledge of the activities.
- Salaries, benefits, and payroll taxes for personnel related to multiple functional expense categories are allocated to these categories based on an estimate, developed by management, of the time the personnel spent benefitting these functions.

COMMITMENTS AND CONTINGENCIES

Federal and state awards received by the Corporation are subject to audit and adjustment by the funding agency or their representatives. If federal or state grant revenues are received for expenses which are subsequently disallowed, the Corporation may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenses, if any, will not be material to the accompanying financial statements at December 31, 2024.

BOYS & GIRLS CLUB OF WALKER COUNTY, TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters and maintains commercial insurance coverage covering risks of loss. The Corporation believes such coverage is sufficient to preclude any significant uninsured losses.

PRIOR PERIOD ADJUSTMENT

During the fiscal year ended December 31, 2023, the Corporation identified and reclassified \$204,598 of prior year net assets with donor restrictions that had been previously reported as unearned revenues. This correction increased the total net assets at December 31, 2022 and decreased total liabilities by \$204,598; however, it had no effect on total change in net assets for the year then ended.

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FEDERAL AWARDS SECTION



Certified Public Accountants

Goff & Herrington, P.C.

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Daniel Raney, CPA
Laurie Durbin, CPA

**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**

Members of the Board of Directors of
Boys & Girls Club of Walker County, Texas, Inc.
Huntsville, Texas

Members of the Board:

We have audited, in accordance with the 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Boys & Girls Club of Walker County, Texas, Inc. (the "Corporation"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated May 27, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Boys & Girls Club of Walker County, Texas, Inc.'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 entity'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.

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*

Page 2

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 have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Goff & Herrington, P.C.
GOFF & HERRINGTON, P.C.
Certified Public Accountants

May 27, 2025

**BOYS & GIRLS CLUB OF WALKER COUNTY, TEXAS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

none

Significant deficiencies identified that are not
considered to be material weaknesses?

none

Noncompliance material to financial statements noted?

none

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

**BOYS & GIRLS CLUB OF WALKER COUNTY, TEXAS, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024**

No prior year findings reported.

**BOYS & GIRLS CLUB OF WALKER COUNTY, TEXAS, INC.
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2024**

None Required

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