

Audited Financial Statements



BOYS & GIRLS CLUBS
OF METRO LOS ANGELES

December 31, 2024

Quigley & Miron

Boys & Girls Clubs of Metro Los Angeles
Audited Financial Statements
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December 31, 2024

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Independent Auditor's Report

Board of Directors

Boys & Girls Clubs of Metro Los Angeles

Los Angeles, California

Opinion

We have audited the accompanying financial statements of Boys & Girls Clubs of Metro Los Angeles (BGCMLA), a nonprofit organization, which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of BGCMLA 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 Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about BGCMLA's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

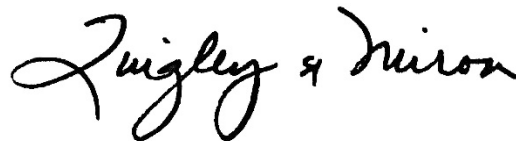
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BGCMLA'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 BGCMLA'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.

Report on Summarized Comparative Information

We have previously audited the financial statements of the Boys & Girls Clubs of Metro Los Angeles as of December 31, 2023, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 13, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Twigley & Miron". The signature is written in a cursive, flowing style.

Los Angeles, California
November 20, 2025

Boys & Girls Clubs of Metro Los Angeles
Statement of Financial Position
December 31, 2024
(with comparative totals for 2023)

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 318,228	\$ 924,311
Restricted cash held for endowment	18,831	16,536
Investments—Note 4	1,811,494	1,538,868
Grants and contributions receivable, net—Note 5	321,347	463,225
Government grants receivable	561,553	72,591
Accounts receivable	35,009	139,097
Prepaid expenses and other assets	21,147	133,923
In-kind buildings and land leases—Note 6	7,738,871	7,818,845
Property and equipment, net—Note 7	34,355,668	33,805,536
Total Assets	<u>\$ 45,182,148</u>	<u>\$ 44,912,932</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 414,815	\$ 350,690
Salaries and employee benefits payable	275,302	245,297
Grant advance—Note 9	97,923	
Line of credit—Note 10		90,000
Notes payable, net of unamortized note issuance costs of \$28,740 and \$32,845, respectively—Note 11	1,926,615	1,971,095
Deposits	53,295	53,295
Deferred revenue	32,475	472
Total Liabilities	<u>2,800,425</u>	<u>2,710,849</u>
Net Assets		
Without donor restrictions	30,827,062	31,356,040
With donor restrictions—Note 12	11,554,661	10,846,043
Total Net Assets	<u>42,381,723</u>	<u>42,202,083</u>
Total Liabilities and Net Assets	<u>\$ 45,182,148</u>	<u>\$ 44,912,932</u>

See notes to financial statements.

Boys & Girls Clubs of Metro Los Angeles
Statement of Activities
Year Ended December 31, 2024
(with summarized comparative totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Operating Activities				
Public Support and Revenue				
Grants and contributions	\$ 3,472,129	\$ 1,564,442	\$ 5,036,571	\$ 4,009,176
Government grants	1,364,205		1,364,205	913,601
Special events				
Gross revenue	656,018		656,018	660,560
Less cost of direct benefits to donors	(305,442)		(305,442)	(239,355)
Special Events, Net	350,576		350,576	421,205
In-kind building and land leases—Note 6	389,126		389,126	393,019
In-kind contributions—Note 15	138,693		138,693	103,709
Acquisition of Venice Boys & Girls Club—Note 16				21,803,315
Fees for service	385,667		385,667	275,691
Program income	115,858		115,858	202,836
Interest and dividend income	48,684	2,445	51,129	53,587
Rental income—Note 17	328,754		328,754	382,229
Lease assignment income—Note 17				250,000
Net assets released from restrictions	858,787	(858,787)		
Total Public Support and Revenue	7,452,479	708,100	8,160,579	28,808,368
Expenses				
Youth program services	6,476,798		6,476,798	6,279,489
Management and general	1,241,468		1,241,468	1,316,729
Fund development	456,497		456,497	392,017
Total Expenses	8,174,763		8,174,763	7,988,235
Change in Net Assets from Operations	(722,284)	708,100	(14,184)	20,820,133
Nonoperating Activities				
Investment return, net—Note 4	193,306	518	193,824	101,872
Total Nonoperating Activities	193,306	518	193,824	101,872
Change in Net Assets	(528,978)	708,618	179,640	20,922,005
Net Assets at Beginning of Year	31,356,040	10,846,043	42,202,083	21,280,078
Net Assets at End of Year	\$ 30,827,062	\$ 11,554,661	\$ 42,381,723	\$ 42,202,083

See notes to financial statements.

Boys & Girls Clubs of Metro Los Angeles
Statement of Functional Expenses
Year Ended December 31, 2024
(with summarized comparative totals for 2023)

	Youth Program Services	Management and General	Fund Development	Special Events	2024 Total	2023 Total
Salaries	\$ 2,480,863	\$ 717,822	\$ 302,886	\$	\$ 3,501,571	\$ 3,506,570
Employee benefits	309,838	73,944	32,360		416,142	517,330
Payroll taxes	223,604	10,789	23,763		258,156	246,784
Total Personnel Expenses	3,014,305	802,555	359,009		4,175,869	4,270,684
Occupancy and utilities	1,105,447	112,907			1,218,354	886,798
Depreciation and amortization	778,439	32,776	8,194		819,409	647,083
Professional and consulting fees	355,245	110,782	43,184		509,211	613,923
Youth program supplies	404,104				404,104	615,046
Cost of direct benefits to donors				305,442	305,442	239,355
Travel and transportation	250,428	13,073	6,762		270,263	65,192
Insurance	166,451	30,026			196,477	152,578
Dues and subscriptions	103,901	28,574	9,052		141,527	52,768
Office expenses	104,714	10,023	7,236		121,973	122,137
Interest	30,942	79,931			110,873	114,406
Repairs and maintenance	93,909	6,947			100,856	165,647
Equipment rental	34,809		94		34,903	58,562
Bank charges	6,151	6,859	13,946		26,956	51,489
Conferences and workshops	15,673	6,573	1,316		23,562	35,249
Advertising and promotion	7,095		1,383		8,478	13,633
Program awards and youth incentives	5,185		3,000		8,185	43,028
Donor stewardship		442	3,321		3,763	5,012
Legal settlement						75,000
Total Expenses by Function	6,476,798	1,241,468	456,497	305,442	8,480,205	8,227,590
Less expenses included with revenues in the statement of activities						
Cost of direct benefits to donors				(305,442)	(305,442)	(239,355)
Total Expenses	\$ 6,476,798	\$ 1,241,468	\$ 456,497	\$	\$ 8,174,763	\$ 7,988,235

See notes to financial statements.

Boys & Girls Clubs of Metro Los Angeles
Statement of Cash Flows
Year Ended December 31, 2024
(with comparative totals for 2023)

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 179,640	\$ 20,922,005
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donated securities	(10,284)	(6,037)
Replenishment of funds held in perpetuity		(7,005)
Depreciation and amortization	819,409	647,083
Investments acquired from Venice		(1,534,467)
Land, property, and equipment acquired from Venice		(19,606,094)
Line of credit acquired from Venice		5,000
Note payable acquired from Venice		521,533
Amortized loan issuance costs	4,105	12,625
Investment gains	(206,389)	(112,975)
Changes in operating assets and liabilities:		
Grants and contributions receivable, net	141,878	(110,303)
Government grants receivable	(488,962)	57,575
Accounts receivable	104,088	(13,884)
Prepaid expenses and other assets	112,776	(80,545)
In-kind buildings and land leases	79,974	76,081
Accounts payable and accrued liabilities	64,125	(105,712)
Salaries and employee benefits payable	30,005	27,224
Grant advance	97,923	
Deferred revenue	32,003	(29,167)
Net Cash Provided by Operating Activities	960,291	662,937
Cash Flows from Investing Activities		
Purchases of property and equipment	(1,369,541)	(1,166,734)
Purchases of investments	(640,177)	(241,546)
Proceeds from sales of investments	584,224	376,884
Net Cash Used in Investing Activities	(1,425,494)	(1,031,396)
Cash Flows from Financing Activities		
Proceeds from line of credit		90,000
Repayments on line of credit	(90,000)	(5,000)
Repayments on note payable	(48,585)	(54,986)
Replenishment of funds held in perpetuity		7,005
Net Cash Provided by (Used in) Financing Activities	(138,585)	37,019
Net Decrease in Cash, Cash Equivalents, and Restricted Cash	(603,788)	(331,440)
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	940,847	1,272,287
Cash, Cash Equivalents, and Restricted Cash at End of Year	\$ 337,059	\$ 940,847
Supplementary Disclosures		
Income taxes paid	\$	\$
Interest paid	<u>\$ 110,873</u>	<u>\$ 114,406</u>

See notes to financial statements.

Boys & Girls Clubs of Metro Los Angeles
Notes to Financial Statements
December 31, 2024
(with comparative totals for 2023)

Note 1—Organization

Organization—Boys & Girls Clubs of Metro Los Angeles (BGCMLA) is a California not-for-profit corporation chartered by the Boys & Girls Clubs of America, Inc. BGCMLA was created in 2015 to consolidate existing Boys & Girls Clubs and to expand services through the creation of new Clubs and through partnerships with city and county government. The collective of clubs includes: Bell Gardens Boys & Girls Club, Challengers Boys & Girls Club (Challengers), Jordan High School Boys & Girls Club, Watts/Willowbrook Boys & Girls Club (Watts/Willowbrook), and as of the years ended December 31, 2023 and 2024, Boys and Girls Club of Venice (BGCV). BGCMLA's mission is focused on promoting the health, life skills, and educational, vocational, and character development of Los Angeles youth ages 6-18. Each of the youth program sites (Clubs) facilitates youth programs designed to meet the physical, emotional, cultural, and social needs of the participants. Because these core areas are integrated, it is not practical to separate expenses into program categories. BGCMLA's principal funding sources are contributions, grants, government contracts, special events and rentals.

BGCMLA provides a trauma-informed, Social Emotional Learning approach to its afterschool programming in low-income communities. BGCMLA serves 95%+ African American and Latinx students, 98% of whom qualify for free or reduced lunch. BGCMLA delivers high quality programs and significant access to resources for members and their families. BGMLA provides a safe place for youth to learn, explore, achieve, and dream. BGMLA accomplishes this through targeted programs in arts, music, STEM, mentoring, athletics and healthy lifestyles.

Note 2—Summary of Significant Accounting Policies

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. BGCMLA's net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of BGCMLA and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of BGCMLA. These net assets may be used at the discretion of BGCMLA's management and the board of directors.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of BGCMLA and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit BGCMLA to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. It is the policy of BGCMLA to record contributions that are restricted by the donor as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Income Taxes—BGCMLA is a nonprofit entity, exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Accordingly, no provision has been made for income taxes in the financial statements. In addition, BGCMLA has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2024 and 2023. Generally, BGCMLA's information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Boys & Girls Clubs of Metro Los Angeles
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Cash, Cash Equivalents, and Restricted Cash—BGCMLA considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Restricted cash consists of cash held in endowment.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the statement of financial position to the sum total of cash, cash equivalents, and restricted cash reported in the statement of cash flows at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash Accounts Reported in Statement of Financial Position		
Cash and cash equivalents	\$ 318,228	\$ 924,311
Restricted cash held for endowment	<u>18,831</u>	<u>16,536</u>
Total Cash, Cash Equivalents, and Restricted Cash		
Reported in Statement of Cash Flows	<u>\$ 337,059</u>	<u>\$ 940,847</u>

Investments—Investments in securities are initially recorded at cost, if purchased, or fair market value, if received as a contribution. Subsequent to acquisition, investments in securities are reported at fair value. Interest income, realized and unrealized gains and losses are reported as unrestricted income unless use of the earnings is restricted by the donor. Interest and dividends earned on investments are recognized when received and reported as interest and dividend income under public support and revenue on the statement of activities.

Grants and contributions receivable—Grants and contributions receivable consist primarily of grants and contributions pledged by various donors and foundations well known to BGCMLA and are due within one year. Management believes these receivable balances as of December 31, 2024 and 2023 are fully collectible, and BGCMLA has therefore not recorded an allowance for doubtful accounts.

Government grants receivable—Revenue from government grants is reported as increases without donor restrictions as allowable expenditures under such agreements are incurred. The amounts expended in excess of reimbursements are reported as government grants receivable.

Accounts receivable—Accounts receivable consists primarily of amounts due from rental income, program income, and fees for service and are stated at the amount that management expects to collect from outstanding balances. Accounts receivable are written off when they are determined to be uncollectible. Management believes that accounts receivable as of December 31, 2024 and 2023 are fully collectible, and BGCMLA has therefore not recorded an allowance for credit losses.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of BGCMLA's youth program services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Property and Equipment—Property and equipment are stated at cost when purchased or estimated fair market value at the date of gift or bequest. Depreciation is provided for property and equipment in excess of \$5,000 on the straight-line method over the useful lives of the related assets.

Concentration of Credit Risk—Financial instruments which potentially subject the BGCMLA to concentrations of credit risk consist of cash and cash equivalents, investments in securities, and receivables.

Cash held in investment accounts at investment custodians is insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the investments in securities are insured up to \$500,000, per institution. SIPC insurance protects the custody function of the investment custodian; it does not provide protection against fluctuations in market value. At times, such balances may exceed SIPC insurance limits during the normal course of business.

Note 2—Summary of Significant Accounting Policies—Continued

While BGCMLA is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf, BGCMLA's management has assessed the credit risk associated with its cash deposits and investments at December 31, 2024 and 2023 and believes it is not exposed to any significant credit risk with its cash and cash equivalents and investments.

Grants and contributions receivable consist of balances from individuals, local foundations and corporations. BGCMLA has determined that no allowance for potential losses was necessary at December 31, 2024 and 2023. Collection losses related to receivables have historically been immaterial, and management has concluded that, based on its review of outstanding balances, an allowance for potential losses is not necessary.

Government grants receivable are due from a variety of governmental bodies well known to BGCMLA, with favorable past payment histories. BGCMLA's management has assessed the credit risk associated with these government receivables and has determined that a reserve against uncollectible amounts is not necessary.

Accounts receivables at December 31, 2024 and 2023 are due from nonprofit organizations well-known to BGCMLA, with favorable past payment histories. Management of BGCMLA has assessed the credit risk associated with these accounts receivable and has determined that an allowance for credit losses is not necessary.

Recently Adopted Accounting Principle—In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Credit Losses (Topic 326)*. This standard requires organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. The standard affects organizations that hold financial assets and net investments in leases that are not accounted for at fair value reported in net income, including loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from scope that have the contractual right to receive. BGCMLA has adopted ASU No. 2020-07 for the year ended December 31, 2023 on a retrospective basis, which resulted in no change to revenue previously reported and no effect on revenue reported for the year ended December 31, 2023.

Contracts with Customers—Accounting standards require an organization to recognize revenue arising from contracts with customers at the time the customer obtains control of a contracted goods or service. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue Recognition—BGCMLA's revenue recognition policies are as follows:

Government grants—Revenues from government grants are reported as increases in net assets without donor restrictions as allowable expenditures under such agreements as incurred. The amounts expended in excess of reimbursements are reported as grants receivable. Amounts received in excess of amounts expended are recorded as deferred revenue.

Special events—BGCMLA conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of benefits received by the participants at the event. BGCMLA values such benefits at the actual cost.

Fees for service—Fees for services are recognized at the time services are provided.

Program income—Program income is recognized at the time services are provided.

Interest and dividend income—Interest and dividend income earned on investments is recognized when earned and is reported as interest and dividend income under public support and revenue in the statement of activities.

Boys & Girls Clubs of Metro Los Angeles
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Rental income—Rental income is recognized at the time services are provided.

Lease assignment income—Lease assignment income is recognized at the assignment agreement is entered into and leases assigned.

In-Kind Contributions—BGCMLA records in-kind rent, goods, and services at fair value at the date of contribution. In-kind contributions of services are recognized if they (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional Expenses—The costs of providing the various youth program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the youth program services and supporting services benefitted. Salaries, employee benefits, payroll taxes, professional and consulting fees, conferences and workshops, travel and transportation are allocated based on time and effort of employees. Occupancy and utilities, depreciation and amortization, office expenses, insurance, repairs and maintenance, and equipment rental are allocated based on space estimates. All other expenses are charged directly to the program or function benefitted.

Advertising and Promotion Expenses—Advertising and promotion costs are expenses as incurred and amounted to \$8,478 and \$13,633 for the years ended December 31, 2024 and 2023, respectively.

Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Totals for 2023—The accompanying financial statements include certain prior-year summarized comparative financial information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with BGCMLA's audited financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Reclassifications—Certain amounts in 2023 have been reclassified to conform with the 2024 financials statement presentation.

Boys & Girls Clubs of Metro Los Angeles
Notes to Financial Statements—Continued

Note 3—Availability and Liquidity

BGCMLA's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$1,000,000).

The following represents the availability and liquidity of BGCMLA's financial assets without donor restrictions at December 31, 2024 and 2023 to cover operating expenses for the next fiscal year:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 318,228	\$ 924,311
Investments	1,811,494	1,538,868
Grants and contributions receivable	321,347	463,225
Government grants receivable	561,553	72,591
Accounts receivables	35,009	139,097
	<hr/>	<hr/>
Total Financial Assets	3,047,631	3,138,092
Less amounts not available to be used within one year:		
Net assets with purpose restrictions	(3,780,039)	(3,120,925)
Grants and contributions receivable subject to expenditure for specified purpose	<hr/> (140,000) <hr/>	<hr/> (125,000) <hr/>
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	<u>\$ (872,408)</u>	<u>\$ (107,833)</u>

BGCMLA also has a revolving line of credit in the amount of \$350,000 which is available to assist in meeting cash flow needs. As of November 20, 2025, which is the date the financial statements were available to be issued, \$350,000 was available.

Note 4—Investments and Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy is categorized into three levels based on the inputs as follows:

Level 1—Quoted market prices in active markets for identical assets or liabilities. Level 1 assets include equity securities and mutual funds valued at the closing price reported on the active market on which the individual securities are traded.

Level 2—Observable market-based inputs, either directly or indirectly, but are other than quoted prices in actively traded markets.

Level 3—Unobservable inputs that are supported by little or no market activity which are significant to the fair value of the asset or liability. Unobservable inputs reflect the best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

BGCMLA may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by BGCMLA to value private investments is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. BGCMLA had no assets or liabilities classified at NAV as a practical expedient during the years ended December 31, 2024 and 2023.

Boys & Girls Clubs of Metro Los Angeles
Notes to Financial Statements—Continued

Note 4—Investments and Fair Value Measurements—Continued

Assets and liabilities measured on a recurring basis at December 31, 2024 and 2023 consist of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
2024:				
Equity securities	\$ 1,411,461	\$ 1,411,461	\$	\$
Fixed income funds	400,033	400,033		
Totals	\$ 1,811,494	\$ 1,811,494	\$	\$
2023:				
Equity securities	\$ 1,188,276	\$ 1,188,276	\$	\$
Fixed income funds	350,592	350,592		
Totals	\$ 1,538,868	\$ 1,538,868	\$	\$

Investment activity for the years ended December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Unrealized gains	\$ 96,574	\$ 80,525
Realized gains	109,815	32,450
Investment management fees	(12,565)	(11,103)
Investment Return, Net	193,824	101,872
Interest and dividend income	51,129	53,587
Total Investment Return	\$ 244,953	\$ 155,459

Note 5—Grants and Contributions Receivable, Net

Net grants and contributions receivable at December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Due within 1 year	\$ 270,758	\$ 463,225
Due within 2 years	55,000	
Gross Grants and Contributions Receivable	325,758	463,225
Less present value discount @ 4%	(4,411)	
Grants and Contributions Receivable, Net	\$ 321,347	\$ 463,225

Note 6—In-Kind Buildings and Land Leases

In April 2000, Watts/Willowbrook entered into a 54-year lease agreement (Lease) with the Compton Unified School District, requiring annual payments of \$100, for the use of 27,500 square feet of land and buildings. Accordingly, Watts/Willowbrook recorded the present value of the land and buildings rent of \$5,134,421 valued at \$10 per square foot as *buildings and land lease* on the statement of financial position and as a corresponding donor-restricted contribution on the statement of activities for the year ended June 30, 2000, based upon annual rental expense of \$275,000 and a discount rate of 5%. The Lease was acquired by BGCMLA through its acquisition of Watts/Willowbrook during the year ended December 31, 2016. The value of the Lease at December 31, 2024 and 2023 was \$4,243,092 and \$4,304,268, respectively.

Boys & Girls Clubs of Metro Los Angeles
Notes to Financial Statements—Continued

Note 6—In-Kind Buildings and Land Leases—Continued

In April 2016, BGCMLA entered into a 55-year lease agreement (Lease) with the City of Bell Gardens, requiring annual payments of \$1, for the use of 12,940 square feet of land and buildings. Accordingly, BGCMLA recorded the present value of the land and buildings rent of \$3,631,370 valued at \$15 per square foot as *buildings and land lease* on the statement of financial position and as a corresponding donor-restricted contribution on the statement of activities for the year ended December 31, 2016, based upon annual rental expense of \$194,100 and a discount rate of 5%. The value of the Lease at December 31, 2024 and 2023 was \$3,495,779 and \$3,514,577, respectively.

Future anticipated amortization of the in-kind building and leases is as follows:

<u>Year Ending December 31,</u>	
2025	\$ 84,066
2026	88,376
2027	92,888
2028	97,640
2029	102,635
Thereafter	<u>7,273,266</u>
Total	<u>\$ 7,738,871</u>

During the years ended December 31, 2024 and 2023, BGCMLA recognized in-kind contributions of buildings and land leases related to the leases in the amount of \$389,126 and \$393,019, respectively.

Note 7—Property and Equipment, Net

Net property and equipment consists of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Building and improvements	\$ 21,234,882	\$ 20,647,564
Furniture and equipment	638,319	367,165
Land improvements	511,069	
Vehicles	<u>263,052</u>	<u>263,052</u>
	22,647,322	21,277,781
Less accumulated depreciation and amortization	<u>(3,117,114)</u>	<u>(2,297,705)</u>
Depreciable Property and Equipment, Net	19,530,208	18,980,076
Land	<u>14,825,460</u>	<u>14,825,460</u>
Property and Equipment, Net	<u>\$ 34,355,668</u>	<u>\$ 33,805,536</u>

Total depreciation and amortization expense recorded for the years ended December 31, 2024 and 2023 was \$819,409 and \$647,083, respectively.

Note 8—Retirement Plan

BGCMLA participates in a defined contribution retirement plan sponsored by the Boys & Girls Clubs of America (Plan). The plan covers qualified full-time employees. Contributions are made to the Plan based upon a board-approved contribution rate applied to each employee's qualified salaries and wages.

Boys & Girls Clubs of Metro Los Angeles
Notes to Financial Statements—Continued

Note 8—Retirement Plan—Continued

As a result of the acquisition of Watts/Willowbrook during the year ended December 31, 2016, BGCMLA assumed a liability representing the amount owed by Watts/Willowbrook to the Plan. The value of the liability at December 31, 2024 and 2023 was \$22,506 and \$22,506, respectively, and is included in accounts payable and accrued liabilities in the statement of financial position.

Effective January 1, 2017, BGCMLA adopted and executed a 401(k) defined contribution plan, which provides for employer contributions of 3% of eligible wages. Employees become eligible to participate in the defined contribution plan after the first day of the calendar month following the employee's commencement date. The plan requires plan participants to be 21 years old; employees are eligible for employer matching after 1 year and 1000 hours worked. BGCMLA's contributions to the 401(k) plan for the year ended December 31, 2024 and 2023 amounted to \$57,197 and \$55,865, respectively.

Note 9—Grant Advance

BGCMLA receives advance payments on a government grant. BGCMLA received an advanced payment of \$112,500 during the year ended December 31, 2024 and recognized government grant income of \$14,577. At December 31, 2024 the remaining balance of the grant advance totaled \$97,923.

Note 10—Line of Credit

BGCMLA maintains a \$350,000 line of credit with a bank, bearing interest at 9%, requiring monthly payments of interest only with a maturity date of April 30, 2025, and optional annual renewal. The outstanding balance at December 31, 2023 amounted to \$90,000, which was paid off during the year ended December 31, 2024. There was no outstanding balance at December 31, 2024.

Note 11—Notes Payable, Net

During the year ended December 31, 2021, BGCMLA refinanced the previously held note. The note is secured by a lien position deed of trust recorded against one of BGCMLA's properties. The note matures in September 2031, and carries an interest rate of 5.75%, with principal and interest payments of \$9,783. The initial loan issuance costs associated with the note payable amounted to \$25,800. During the year ended December 31, 2023, BGCMLA acquired an additional note payable from Venice.

Notes payable at December 31, 2024, consists of the following:

	<u>2024</u>	<u>2023</u>
Note payable to financial institution bearing interest at 5.75%, requiring monthly payments of principal and interest of \$9,783, maturing September 2031, secured by land and building.	\$ 1,466,521	\$ 1,498,528
Note payable to financial institution acquired from BGCV, bearing interest at 5.90%, and requiring monthly payments of principal and interest of \$2,652, maturing November 2030, secured by the BGCV deed of trust.	<u>488,834</u>	<u>505,412</u>
Total Notes Payable	1,955,355	2,003,940
Less unamortized note issuance costs	<u>(28,740)</u>	<u>(32,845)</u>
Notes Payable, Net	<u>\$ 1,926,615</u>	<u>\$ 1,971,095</u>

Interest expense and amortization related to these notes totaled \$110,873 and \$114,406, respectively, for the years ended December 31, 2024 and 2023.

Boys & Girls Clubs of Metro Los Angeles
Notes to Financial Statements—Continued

Note 11—Notes Payable, Net—Continued

Future principal payments under these notes payable as of December 31, 2024 are as follows:

<u>Year Ending December 31,</u>	
2025	\$ 43,793
2026	46,410
2027	49,184
2028	52,123
2029	55,237
Thereafter	1,708,608
Total	<u>\$ 1,955,355</u>

Note 12—Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Subject to specified purpose restrictions:		
Member outings	\$ 1,079,655	\$ 983,602
Future pathways	580,000	
Capital improvements and renovations	437,483	570,435
Family support center	310,281	310,281
Tennis Academy	261,403	261,403
Music program	175,000	
Capacity building	157,500	62,500
Teen tech center	121,975	125,000
Educational programs	71,841	
Repairs and maintenance	69,263	76,222
Other programs	46,454	
Healthy lifestyles	44,904	51,643
Scholarships	34,110	34,110
Workforce readiness and career exploration	25,000	
STEM program	20,000	
Transportation	4,335	4,335
Total Subject to Purpose Restrictions	<u>3,439,204</u>	<u>2,479,531</u>
Subject to time restrictions:		
Building and land lease	7,738,871	7,818,845
General operations	193,347	382,391
Music program	130,000	
Holiday clubhouse sponsorship	10,000	
Capacity building		75,000
Capital improvements and renovations		50,000
Total Subject to Time Restrictions	<u>8,072,218</u>	<u>8,326,236</u>

Boys & Girls Clubs of Metro Los Angeles
Notes to Financial Statements—Continued

Note 12—Net Assets with Donor Restrictions—Continued

	<u>2024</u>	<u>2023</u>
<i>Continued:</i>		
Held in perpetuity:		
Endowment fund	\$ 340,835	\$ 340,835
Underwater endowment	(297,596)	(300,559)
Total Held in Perpetuity	<u>43,239</u>	<u>40,276</u>
Total Net Assets With Donor Restrictions	<u>\$ 11,554,661</u>	<u>\$ 10,846,043</u>

Net assets released from donor restrictions for the years ended December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Satisfaction of purpose restrictions:		
Capital improvements and renovations	\$ 306,699	\$ 562,557
Teen tech center	38,025	
Repairs and maintenance	6,959	
Healthy lifestyles	6,739	
Tennis Academy		142,210
Member outings		83,653
Bell Gardens safety needs		70,786
Money matters		25,000
Hydrolab initiative		12,500
Total Satisfaction of Purpose Restrictions	<u>358,422</u>	<u>896,706</u>
Satisfaction of time restrictions:		
General operations	370,391	415,994
Building and land lease	79,974	76,081
Capital improvements and renovations	50,000	
Total Satisfaction of Time Restrictions	<u>500,365</u>	<u>492,075</u>
Total Net Assets Released from Donor Restrictions	<u>\$ 858,787</u>	<u>\$ 1,388,781</u>

Note 13—Endowment Net Assets

In January 2009, the State of California adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. The Board is aware that there is an implicit understanding that the market value of the donor-restricted endowment may, from time to time, fall below the fair value of the original gift as of the gift date due to market conditions or continued prudent expenditures by the Board of certain amounts of the endowment. If such a temporary deficit occurs, the Board would take all prudent steps, given ongoing market conditions, to restore the fair value of the fund to an amount at or above the amount of the original gift.

As a result of the acquisition of Challengers during the year ended December 31, 2016, BGCMLA acquired an endowment fund held in perpetuity in the amount of \$340,835. Prior to the acquisition date, Challengers liquidated the investment funds associated with the endowment and borrowed these funds to fund operations. BGCMLA is aware of its obligations under UPMIFA, and during the year ended December 31, 2020 BGCMLA began replenishing the endowment funds and will continue to replenish the endowment going forward. During the year ended December 31, 2023, BGCMLA replenished funds in the amount of \$7,005. There was no replenishment of funds during the year ended December 31, 2024. The balance of the underwater endowment at December 31, 2024 and 2023 amounted to \$297,596 and \$300,559, respectively.

Boys & Girls Clubs of Metro Los Angeles
Notes to Financial Statements—Continued

Note 13—Endowment Net Assets—Continued

Changes in endowment net assets for the years ended December 31, 2024 and 2023 consist of the following:

	Held in Perpetuity		
	Endowment Fund	Underwater Endowment	Total
Endowment Net Assets (Deficit) at December 31, 2022	\$ 340,835	\$ (310,307)	\$ 30,528
Replenishment of underwater endowment		7,005	7,005
Interest and dividend income		656	656
Investment gain		2,087	2,087
Total Investment Return on Endowment Funds		2,743	2,743
Endowment Net Assets (Deficit) at December 31, 2023	340,835	(300,559)	40,276
Interest and dividend income		2,445	2,445
Investment gain		518	518
Total Investment Return on Endowment Funds		2,963	2,963
Endowment Net Assets (Deficit) at December 31, 2024	\$ 340,835	\$ (297,596)	\$ 43,239

Note 14—Commitments and Contingencies

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although it is considered a possibility, BGCMLA deems the contingency remote, since by accepting the gifts and their terms, it has accommodated the objectives of the grantor under the provisions of the gift.

From time to time, BGCMLA is subject to litigation that arises in the normal course of conducting its operations. In management's opinion, the resolution of litigation matters, if any would not have a material effect on the financial position of BGCMLA at December 31, 2024 and 2023.

Note 15—In-Kind Contributions

During the years ended December 31, 2024 and 2023, BGCMLA recognized in-kind contributions of snacks and lunches valued at actual cost incurred by the donor, approximating \$4.47 per meal, totaling \$138,693 and \$103,709, respectively. The donated snacks and lunches have been recorded in the in-kind contributions without donor restrictions caption of the statement of activities, and in the youth program supplies caption in the statement of functional expenses. BGCMLA utilizes the donated snacks and lunches as part of its youth program services.

Boys & Girls Clubs of Metro Los Angeles
Notes to Financial Statements—Continued

Note 16—Acquisition of Boys and Girls Club of Venice

On January 1, 2023, BGCMLA acquired Boys and Girls Club of Venice (BGCV), resulting in a net increase in net assets of \$21,803,315, comprised of assets and liabilities measured at fair market value as follows:

Cash and cash equivalents	\$ 951,508
Investments	1,534,467
Grants and contributions receivable	154,549
Government grants receivable	122,069
Accounts receivable	13,124
Prepaid expenses and other assets	118,671
Land	8,910,000
Building and building improvements	10,430,000
Vehicles	179,563
Furniture and equipment	86,531
Accounts payable and accrued expenses	(43,284)
Salaries and employee benefits payable	(33,030)
Line of credit	(5,000)
Note payable	(521,533)
Capital lease payable	(94,320)
Total Acquisition Fair Value	\$ 21,803,315

Note 17—Rental Income and Lease Assignment Income

BGMLA rents space to various nonprofit organizations with similar missions which currently include two agreements through the year ended December 31, 2027, and various month-to-month agreements.

In August 2011, Challengers signed a 15-year agreement with a lessee for classroom space through August 2026. In December 2022, BGCMLA signed a five-year agreement with a lessee for office space through December 2027. In January 2023, BGMLA signed a 6-year extension with a lessee for classroom space through December 2028.

Rental income associated with these leases amounted to \$328,754 and \$382,229 for the years ended December 31, 2024 and 2023, respectively. Total future rental income to be received is as follows:

<u>Year Ending December 31,</u>	
2025	\$ 325,577
2026	206,674
2027	26,586
2028	27,388
Total	\$ 586,225

During the year ended December 31, 2023, BGMLA entered into a cell tower lease assignment agreement for leases previously held by BGCV. The assignment included a one-time buy-out payment of \$250,000.

Note 18—Subsequent Events

Management evaluated all activities of BGMLA through November 20, 2025, which is the date the financial statements were available to be issued, and concluded that no material subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.