

**BOYS & GIRLS CLUB
OF MARTIN COUNTY, INC.**

**Financial Statements and
Additional Information
with
Independent Auditors' Report**

June 30, 2024
(With Comparative Totals for 2023)

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KMETZ · ELWELL · GRAHAM & ASSOCIATES, PLLC
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors
Boys & Girls Club of Martin County, Inc.
Hobe Sound, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Boys & Girls Club of Martin County, Inc. (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 Boys & Girls Club of Martin County, Inc. as of June 30, 2024, and the changes in net assets and its cash flows for the year 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Boys & Girls Club of Martin County, Inc. 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 these 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

To the Board of Directors
Boys & Girls Club of Martin County, Inc.
Hobe Sound, Florida

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 Boys & Girls Club of Martin County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys & Girls Club of Martin County, Inc.'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and by the State of Florida, Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subject to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated February 27, 2025 on our consideration of Boys & Girls Club of Martin County, Inc.'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 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 Boys & Girls Club of Martin County, Inc.'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 Boys & Girls Club of Martin County, Inc.'s internal control over financial reporting and compliance.

To the Board of Directors
Boys & Girls Club of Martin County, Inc.
Hobe Sound, Florida

Report on Summarized Comparative Information

We have previously audited Boys & Girls Club of Martin County, Inc.'s 2023 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kmetz, Elwell, Graham & Associates

Kmetz, Elwell, Graham & Associates, PLLC
Certified Public Accountants
Vero Beach, Florida

February 27, 2025

Boys & Girls Club of Martin County, Inc.
Statement of Financial Position
June 30, 2024
(With comparative totals for 2023)

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 9,107,611	\$ 11,930,596
Contributions receivable	4,129	13,260
Accounts receivable	307,513	21,440
Grants and program receivables	1,395,416	1,388,920
Pledges receivable - current	3,453,471	8,239,277
Prepaid expenses	218,901	164,831
Total Current Assets	14,487,041	21,758,324
Noncurrent Assets		
Investments	9,771,464	\$ 9,485,178
Pledges receivable (net of discount of \$441,906)	5,498,500	7,926,666
Beneficial interest in assets held by community foundation	77,187	66,413
Deposits	45,646	28,610
Property and equipment, net	19,458,060	7,364,434
Right-of-use assets - operating leases	156,954	277,328
Right-of-use asset financing leases	128,885	162,264
Leasehold interest	2,358,729	2,410,380
Total Noncurrent Assets	37,495,425	27,721,273
Total Assets	\$ 51,982,466	\$ 49,479,597
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 2,294,016	\$ 293,020
Accrued payroll expenses	197,928	184,501
Accrued compensated absences	265,580	216,782
Other liabilities	742,581	91,312
Lease obligations - operating leases	104,823	113,327
Lease obligations - financing leases	32,852	32,125
Total Current Liabilities	3,637,780	931,067
Long-term Liabilities		
Lease obligations - operating leases (less current portion)	52,131	164,001
Lease obligations - financing leases (less current portion)	98,749	130,139
Total Long-term Liabilities	150,880	294,140
Net Assets		
Without donor restrictions	25,169,184	12,832,988
With donor restrictions	23,024,622	35,421,402
Total Net Assets	48,193,806	48,254,390
	\$ 51,982,466	\$ 49,479,597

See accompanying notes to financial statements.

Boys & Girls Club of Martin County, Inc.
Statement of Activities and Changes in Net Assets
Year ended June 30, 2024
(With comparative totals for 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total (memo only)
Revenues and other support				
Contributions	\$ 2,496,808	\$ 1,991,011	\$ 4,487,819	\$ 15,709,676
Special events, net cost of direct benefits of \$355,015	1,191,467	-	1,191,467	1,142,848
Government, state and local grants	6,131,479	-	6,131,479	5,845,713
Other grants	717,016	-	717,016	376,700
In-kind contributions	226,218	-	226,218	213,857
Contracts	243,871	-	243,871	69,793
Program services	12,611	-	12,611	14,023
Net investment income	335,179	1,202,340	1,537,519	979,694
Net assets released from restrictions through satisfaction of time or purpose	15,590,131	(15,590,131)	-	-
Other income	21,696	-	21,696	1,008,824
Total revenues and other support	26,966,476	(12,396,780)	14,569,696	25,361,128
Expenses				
Program services:				
Branches:				
Hobe Sound	3,237,276	-	3,237,276	2,531,576
Port Salerno	2,524,205	-	2,524,205	2,054,727
Indiantown	2,401,899	-	2,401,899	2,134,740
Stuart/Palm City	2,431,003	-	2,431,003	2,248,514
Americorps	1,771,679	-	1,771,679	1,617,472
Support services:				
Management and general	1,529,548	-	1,529,548	1,317,302
Fundraising	720,523	-	720,523	609,992
Total functional expenses	14,616,133	-	14,616,133	12,514,323
Excess (deficit) revenues over expenses	12,350,343	(12,396,780)	(46,437)	12,846,805
Other non-operating items				
Other non-operating income (expense)	(14,147)	-	(14,147)	69,768
Total other non-operating items	(14,147)	-	(14,147)	69,768
Increase (decrease) in net assets	12,336,196	(12,396,780)	(60,584)	12,916,573
Net assets, beginning of year	12,832,988	35,421,402	48,254,390	35,337,817
Net assets, end of year	\$ 25,169,184	\$ 23,024,622	\$ 48,193,806	\$ 48,254,390

See accompanying notes to financial statements.

Boys & Girls Club of Martin County, Inc.

Statement of Functional Expenses

Year ended June 30, 2024

(With comparative totals for 2023)

	2024								2023
	Program Services					Supporting Services			Total (memo only)
	Branches					Management and General	Fundraising	Total	
	Hobe Sound	Port Salerno	Indiantown	Stuart/Palm City	Americorps				
Salaries and wages	\$1,401,710	\$1,220,382	\$1,185,030	\$1,248,838	\$1,125,878	\$415,928	\$567,922	\$ 7,165,688	\$ 6,196,223
Staff benefits & payroll taxes	316,079	273,622	264,558	278,258	259,702	106,734	124,204	1,623,157	1,303,063
Staff related expenses	63,940	40,893	37,904	54,934	81,112	176,707	972	456,462	457,443
Total payroll	1,781,729	1,534,897	1,487,492	1,582,030	1,466,692	\$699,369	693,098	9,245,307	7,956,729
Professional services	27,364	27,278	27,278	85,265	79,033	336,353	-	582,571	501,242
Marketing and advertising	34,799	22,339	23,152	91,499	3,009	38,588	6,454	219,840	184,152
Supplies & materials	35,727	33,519	34,510	23,155	8,637	17,528	-	153,076	84,662
Printing & postage	3,272	3,672	3,800	7,645	859	13,539	20,897	53,684	33,562
Licenses, dues, & subscriptions	50,282	43,453	43,212	45,321	31,926	42,161	-	256,355	263,355
Occupancy	198,645	189,983	132,055	157,831	131,212	129,197	-	938,923	907,485
Insurance	83,663	82,306	50,482	39,490	18,386	43,157	-	317,484	222,280
Equipment	96,915	13,750	13,987	8,609	2,862	26,691	-	162,814	142,417
Snack/Meal Program	287,199	105,403	151,059	87,792	1,807	824	-	634,084	437,059
Program activities	423,196	334,585	363,517	235,896	5,490	-	-	1,362,684	1,017,923
Covid related expenses	-	-	-	-	-	-	-	-	98,000
Travel	29,542	27,151	18,048	26,847	20,736	15,581	-	137,905	116,295
Other	3,210	876	1,182	2,487	1,030	41,307	74	50,166	53,071
Board & volunteer	1,877	1,146	1,473	960	-	18,580	-	24,036	13,798
Depreciation & amortization	179,167	103,120	49,937	35,474	-	101,139	-	468,837	480,736
Interest	689	727	715	702	-	5,534	-	8,367	1,557
Total expenses	\$ 3,237,276	\$ 2,524,205	\$ 2,401,899	\$ 2,431,003	\$ 1,771,679	\$ 1,529,548	\$ 720,523	\$ 14,616,133	\$ 12,514,323

See accompanying notes to financial statements.

Boys & Girls Club of Martin County, Inc.
Statement of Cash Flows
Year ended June 30, 2024
(With comparative totals for 2023)

	2024	2023
	Total	Total (memo only)
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (60,584)	\$ 12,916,573
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	468,837	562,182
Amortization of in-kind leasehold interest	51,651	51,651
(Gain) loss on sale of assets	14,147	(69,768)
Stock donations	(686,890)	(679,032)
Net investment returns	(995,325)	(650,662)
Changes in assets and liabilities:		
Grants and contributions receivable	2,635	(312,294)
Accounts receivable	(286,073)	(16,536)
Pledges receivable	7,213,972	(5,537,718)
Prepaid expenses	(54,070)	116,626
Deposits	(17,036)	22,232
Right-of-use asset operating lease	120,374	(277,328)
Accounts payable	2,000,996	(11,158)
Accrued liabilities	713,494	(44,267)
Lease liability - operating leases	(120,374)	277,328
Net cash provided by operating activities	8,365,754	6,347,829
Cash flows from investing activities:		
Purchase of property and equipment	(12,549,002)	(2,482,148)
Disposal of property and equipment	3,000	101,168
Purchase of investments	(3,099,409)	(15,784,173)
Proceeds from sales of investments	4,490,636	12,872,800
Right-of-use asset finance lease	-	(162,264)
Net cash used for investing activities	(11,154,775)	(5,454,617)
Cash flows from financing activities:		
Payment on financing lease obligations	(33,964)	(12,529)
Lease liability - financing leases	-	162,264
Net cash provided by financing activities	(33,964)	149,735
Net increase (decrease) in cash	(2,822,985)	1,042,947
Cash, beginning of year	11,930,596	10,887,649
Cash, end of year	\$ 9,107,611	\$ 11,930,596
Supplemental disclosure:		
Cash paid for interest expense	-8- \$ 8,367	\$ 370

See accompanying notes to financial statements.

Note 1 – Nature of Organization

The Boys & Girls Club of Martin County, Inc. (the "Club") was formed as a not-for-profit Florida Corporation in March 1991. It is affiliated with other organizations and the Boys & Girls Club of America in a shared goal to help youth of all backgrounds in Martin County, with special concern for those from disadvantaged circumstances, develop the qualities needed to become responsible citizens and leaders. The first branch was opened in Hobe Sound, Florida, in September 1991, and the Club has since opened additional branches in Port Salerno, Indiantown, Stuart, and Palm City. The Club's support comes primarily from individual donors' contributions, program service fees, and various agency grants.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Club have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Club presents its financial statements in accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-profit Entities. Contributions, including certain grants, are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in donor restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Program service and other revenues and expenses are unrestricted activities.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in bank, and money market deposits. For cash flow purposes the Club considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Investments

Investments are reported in accordance with FASB ASC 320, Investments in Debt and Equity Securities. Under this topic, investments are recorded at the fair market value in the Statement of Financial Position. Realized and unrealized gains and losses are reflected in the Statement of Activities. Donated investments are recorded as contributions equal to their market value at the date of receipt.

Custodial Funds

Custodial funds consist primarily of funds generated by Club members through activities such as the Torch Club, Keystone Club and Chess Club. Excess receipts over expenses are carried over for the members' use in the following year; excess expenses are written off to program activities at year-end.

Income Taxes

The Club is a nonprofit organization as described in Sec. 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. In addition, the Club has been determined not to be a private foundation within the meaning of Section 509(a) of the Code.

Note 2 – Summary of Significant Accounting Policies (continued)

Property and Equipment

The Club follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$5,000 with an estimated useful life of 1 year or more. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Depreciation is provided using the straight-line method over estimated useful lives ranging from 3 to 10 years for furnishings and equipment and 25 to 30 years for buildings. Leasehold improvements are amortized over the lesser of the remaining lease term or their estimated useful life.

Leases

The Club determines whether to account for its leases as operating, capital or financing leases depending on the underlying terms of the lease agreement(s). This determination of classification is complex and requires significant judgement about the Club's cost of funds, minimum lease payments and other lease terms. Additionally, the Club has made the accounting policy election not to recognize right-of-use assets and lease liabilities for leases of 12 months or less and therefore, these are expensed on a straight-line basis. Lease and non-lease components are accounted for together as a single lease component for operating leases associated with office space and equipment leases.

Revenue Recognition

The Club recognizes revenue in accordance with Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). The core principle of the guidance is that entities recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. No contract liabilities were recorded for the fiscal year.

Contributions are recognized when the donor makes a promise to give to the Club 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. When a 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 restriction and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited using specific identification or time & effort analysis as appropriate to the underlying natural expense categories.

Advertising Costs

Advertising costs are generally expensed when incurred. Advertising cost consists primarily of public service announcements and media spots used to notify the public of services provided.

Compensated Absences

Employees of the Club are entitled to paid time off. Paid time off is accrued based upon completed years of service with the Club. Upon proper notification in accordance with policies and procedures at the time of resignation, termination, or retirement, employees are paid for accrued paid time off through the last day of employment.

Note 2 – Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 and expenses during the reporting period. Actual results could differ from those estimates.

Allowance for Credit Losses

The Club accrues an allowance for credit losses for estimated losses that result from the failure or inability of grantors or donors to make required payments. When determining the allowance, the Club considers the probability of recoverability of receivables based on expected losses and recoveries, taking into account current collection trends as well as general economic factors. The analysis of receivables is performed throughout the year. For the year ended June 30, 2024, management determined that an allowance was not necessary based upon the factors above. As a result, the allowance for credit losses is \$0 at June 30, 2024.

Promises to Give

The Club recognizes contributions at their estimated fair values when a donor makes a promise to give that is, in substance, unconditional. Unconditional promises to give cash over a period of time exceeding one year are recorded at present value of estimated future cash flows using a discount rate appropriate for the level of risk involved. Any related interest income is recorded as contribution revenue over the duration of the pledge. The Club uses the allowance method in determining uncollectible promises to give.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in corporate documents and the application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others entered into in the course of its 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 its donor restricted 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 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 buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Donated Materials and Facilities

Donated materials and facilities received during the year are reflected as contributions in the accompanying statements at their estimated values on the date of receipt.

Boys & Girls Club of Martin County, Inc.
Notes to the Financial Statements (continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Donated Services

In accordance with the Revenue Recognition Topic of the FASB Accounting Standards Codification, the Club does not record donated services for any volunteers working in a nonprofessional capacity. During the year ended June 30, 2024 no donated services were recorded. Although not recorded in the accompanying financial statements as a result of not meeting the above definition, the Club's volunteers contribute a substantial number of hours and provide significant assistance to fundraising events and program services.

Note 3 – Uninsured Cash/Investment Balances and Credit Risk

Financial instruments which potentially subject the Club to a concentration of credit risk include cash and investments held at financial institutions, which at times exceed FDIC/SIPC insurance limits or are subject to risks associated within the underlying securities. The Club has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to its cash and investment balances.

Note 4 – Pledges Receivable

Unconditional promises to give are summarized as follows for future years:

June 30, 2025	\$ 3,453,471
June 30, 2026	3,594,931
June 30, 2027	1,059,931
June 30, 2028	171,387
June 30, 2029	71,387
June 30, 2030 and later	1,042,770
Less discounts	(441,906)
	8,951,971

Note 5 – Investments

Investments consist of the following as of June 30, 2024:

	Cost	Fair Value	Unrealized Gains (Losses)
Mutual funds	2,043,942	2,016,319	(27,623)
Hard assets	260,237	277,530	17,293
Real estate	602,991	573,688	(29,303)
Equities	5,709,664	6,903,476	1,193,812
	\$ 8,616,834	\$ 9,771,013	\$ 1,154,179

Boys & Girls Club of Martin County, Inc.
Notes to the Financial Statements (continued)

Note 5 – Investments (continued)

The components of total investment return from investments for the fiscal year ended June 30, 2024, are reflected below:

Interest and dividends	\$ 592,067
Net realized and unrealized gains (losses)	995,325
Investment fees and expenses	(49,873)
	<u>\$ 1,537,519</u>

Note 6 – Fair Value Measurements

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is available and significant to the fair value measurement. The Club recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the year ended June 30, 2024.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

The following methods and assumptions were used by the Club in estimating its fair value disclosures for financial instruments:

- Cash and cash equivalents, certificates of deposit, accounts receivable, contracts receivable, inventory, accounts payable, deferred revenue, accrued liabilities, accrued vacation and long term debt. The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments or because they are not subject to valuation on a recurring basis.
- Investments: The fair value of current and other investments is based on quoted market prices for those or similar investments where available.
- Pledges receivable: the fair value is the pledge amount discounted to the present value of the future cash flows to be received.

Boys & Girls Club of Martin County, Inc.
Notes to the Financial Statements (continued)

Note 6 – Fair Value Measurements

Fair value measured on a recurring basis at June 30, 2024 are as follows:

Fair Value Measurements at Reporting Date Using				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 9,771,013	\$ 9,771,013	\$ -	\$ -
Pledges receivable (net)	8,951,971	-	-	8,951,971
Beneficial interest in Community Foundation	77,187	-	-	77,187
	\$ 18,800,171	\$ 9,771,013	\$ -	\$ 9,029,158

Note 7 – Property and Equipment, net

The following is a summary of property and equipment:

	June 30, 2023	Additions	Disposals	June 30, 2024
Buildings	\$ 7,082,572	\$ 161,004	\$ (79,376)	\$ 7,164,200
Land	623,908	-	-	623,908
Leasehold improvements	479,464	22,725	(3,000)	499,189
Land improvements	41,167	-	-	41,167
Equipment and furnishings	593,337	17,995	(2,255)	609,077
Vehicles	1,106,926	43,460	(38,735)	1,111,651
Construction in progress	2,364,675	12,308,918	(5,100)	14,668,493
	12,292,049	12,554,102	(128,466)	24,717,685
Less: Accumulated depreciation	(4,927,615)	(438,227)	106,217	(5,259,625)
	\$ 7,364,434	\$ 12,115,875	\$ (22,249)	\$ 19,458,060

The Club is currently in the process of building a 38,000 square foot building on leased property at Stuart Middle School. The project is budgeted to cost \$16.6 million and is expected to be completed by August 2024.

In 2003, the Club received a donation of land and building in Port Salerno for the use as a club facility. The estimated fair value of the donation was \$158,440 and an additional \$863,000 of improvements were made. In the event this property is no longer used by the Club, the deed contains a restriction that will transfer the property back to the donor. Therefore, this property is considered to be a perpetually restricted net asset by the Club.

Boys & Girls Club of Martin County, Inc.
Notes to the Financial Statements (continued)

Note 8 – Beneficial Interest in Assets Held by Community Foundation

The Club has a beneficial interest in assets held by the Community Foundation for Palm Beach and Martin Counties valued at \$77,187 as of June 30, 2024. This interest, established as the Boys & Girls Club of Martin County Agency Endowment Fund, consists of funds contributed by the Club and includes earnings thereon, net of any distributions received. As of June 30, 2024 no distributions had been made. The distributions of income earned from beneficial interest are received based on the endowment spending policy adopted by the board of directors of the Club. The Club board of directors retains the authority to modify the use or distribution of income and principal of the Fund. The beneficial interests in assets held by the community foundation are valued using Level 3 measurements and represent a percentage of pooled investments of Community Foundation for Palm Beach and Martin Counties consisting of cash equivalents, fixed income, and equity pools.

Note 9 – Leases

Lease Commitments – Operating

The Club accounts for leases in accordance with FASB Accounting Standards Update (ASU) No. 2016-02, ASC 842, *Leases*, which requires the recognition of a right-of-use asset and a lease liability based on the present value of the remaining lease payments. The Club leases various buildings in Hobe Sound and Stuart. These are non-cancelable operating leases and the leases contain no significant restrictions. One of the leases in Hobe Sound provides for escalating payments over the lease term.

The following schedule provides detail on the lease terms and monthly lease payment used in the amortization of the net present value (NPV) of the lease liability:

	Lease term	Current monthly lease payment
Hobe Sound	5/1/2018 - 4/30/2025	\$ 2,055
Hobe Sound	2/1/2019 - 4/30/2025	3,008
Hobe Sound	6/1/2023 - 5/31/2026	4,933
Stuart	8/1/2020 - 7/31/2023	1,256

The Club used incremental borrowing rates between 2.79% - 3.98% as the discount rate in order to determine present value. The following is a schedule by year of minimum future rentals on the operating lease and the amortization of the net present value (NPV) of the lease liability as of June 30, 2024:

	Minimum annual lease payments	Amortization of NPV of lease liability
June 30, 2025	\$ 111,764	\$ 104,823
June 30, 2026	57,571	52,131
		\$ 156,954

Boys & Girls Club of Martin County, Inc.
Notes to the Financial Statements (continued)

Note 9 – Leases (continued)

Accumulated right-of-use assets	\$	352,169
Less - accumulated amortization		(195,215)
	\$	156,954

Operating lease expense for the year ended June 30, 2024 was \$121,366.

Average operating lease terms and discount rates at June 30, 2024 were as follows:

Weighted average remaining lease term – operating leases – 1.65 years
Weighted average discount rate – operating leases – 3.80%

Lease Commitments – Financing

The Club has two leases for office equipment under non-cancelable financing leases. The leases contain no significant restrictions. The leases include a copier which provides for monthly lease payments of \$1,949 over the lease term from April 9, 2023 through July 8, 2028 and an LED retrofit which provides for monthly payments of \$881 over the lease term from April 18, 2023 through April 17, 2028. These leases include option to purchase at fair market value and one dollar respectively. In accordance with (ASU) No. 2016-02, ASC 842, *Leases*, the Club recognized a right-of-use asset and a lease liability based on the present value of the remaining lease payments. The Club used incremental borrowing rates between 1.00% - 2.98% as the discount rate in order to determine present value.

The following is a schedule by year of minimum future rentals on the finance leases and the amortization of the net present value (NPV) of the lease liability as of June 30, 2024:

	Minimum annual lease payments	Amortization of NPV of lease liability
June 30, 2025	\$ 33,964	\$ 32,852
June 30, 2026	33,964	33,178
June 30, 2027	33,964	33,505
June 30, 2028	32,202	32,066
		\$ 131,601
Accumulated right-of-use assets		\$ 168,869
Less - accumulated amortization		(39,984)
		\$ 128,885

Financing lease expense for the year ended June 30, 2024 was \$39,984.

Average financing lease terms and discount rates at June 30, 2024 were as follows:

Weighted average remaining lease term – financing leases – 3.96 years
Weighted average discount rate – financing leases – 1.58%

Boys & Girls Club of Martin County, Inc.
Notes to the Financial Statements (continued)

Note 10 – Leasehold Interest

B&GC leases land from the School Board of Martin County under a 30-year lease with the option to renew for an additional 20 years, with an annual \$1 rental payment. The land lease is being used to house the Stuart campus. The lease term related to this lease expires in March 2070.

The fair market value of the lease has been recorded in the accompanying financial statements as net assets with donor restrictions.

Amounts to be released are as follows:

2025	\$	51,651
2026		51,651
2027		51,651
2028		51,651
2029		51,651
2030 and thereafter		2,100,474
	\$	2,358,729

Note 11 – Endowment

The organization classifies a substantial portion of its financial resources as endowment, which is invested to generate income to be used to support operating and strategic initiatives. These assets include pure endowment funds, and funds functioning as endowment. Funds functioning as endowment are organization resources designated by the Board as endowment and are invested for long-term appreciation and current income. These assets, however, remain available and may be spent subject to the restrictions of the board-established endowment spending policy. Funds functioning as endowment are recorded as unrestricted net assets.

Interpretation of Relevant Law

FASB ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FASB ASC 958-205 also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the Club is subject to UPMIFA. The Club adopted FASB ASC 958-205 during the year ending June 30, 2009.

During the year ended June 30, 2013 the Club adopted the provisions of UPMIFA in accordance with the requirements of the State of Florida and the recommendations of FASB ASC 958-205. The Club's donors have not placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

Return Objectives and Risk Parameters

The Club has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to functions supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Club's spending and investing policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

Boys & Girls Club of Martin County, Inc.
Notes to the Financial Statements (continued)

Note 11 – Endowment (continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Club 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 Club targets a diversified asset allocation that places an emphasis on investments to achieve its long-term return objectives within prudent risk parameters.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The spending policy establishes prudent objectives for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the purchasing power of the endowment. In making its decisions, the Club uses reasonable care, skill, and caution in considering the purposes of the Club, the intent of the donors of the endowment, the terms of applicable instruments, the long-term and short-term needs of the Club in carrying out its purposes, the general economic conditions, the possible effect of inflation or deflation, or other resources of the Club, and perpetuation of the endowment.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or Organization policies requires to retain as a fund of perpetual duration. If this were to occur, the Organization would not expend any monies from the fund until the fair market value of the fund returns to a level above the principal. The Organization does not have any deficiencies as of June 30, 2024.

Changes in endowment net assets by class for the year ended June 30, 2024, are as follows:

	Unrestricted	With Donor Restrictions	Total
Endowment net assets at June 30, 2023	\$ 636,236	\$ 7,794,614	\$ 8,430,850
Investment income (loss)	1,204,047	-	1,204,047
Contributions	133,484	819,546	953,030
Appropriation of endowment assets for expenditure	(459,702)	-	(459,702)
Endowment net assets at June 30, 2024	\$ 1,514,065	\$ 8,614,160	\$ 10,128,225

Note 12 – Line of Credit

The Club maintains a \$3,500,000 line of credit with JP Morgan Chase secured by various business assets. The line of credit was reaffirmed in April 2024 and matures April 22, 2026. Interest on outstanding draws of principal accrues daily at a rate of 4.566% per annum plus the Secured Overnight Financing Rate (SOFR) administered by CME Group Benchmark Administration. The effective interest rate on the line of credit at June 30, 2024 is 9.908%.

During the year ended June 30, 2024, the Club drew \$262,356 on the line of credit and recognized \$1,484 in interest expense. The outstanding balance due on the line of credit at June 30, 2024 is \$0.

Boys & Girls Club of Martin County, Inc.
Notes to the Financial Statements (continued)

Note 13 – Employee Benefit Plan

The Club participates in the Boys & Girls Clubs of America 401(k) Safe Harbor Master Plan and Trust under the name of Boys & Girls Clubs of Martin County 401(k) Plan, a defined contribution plan. Each employee is eligible to participate when they reach 21 years of age and have completed one year of service to the Club. Under the plan, the Club contributes a 3% Safe Harbor Contribution in which the employees are immediately vested. For Elective Deferral Contributions the Club will match up to an additional 2% with the Club's portion of the match vesting according to the following schedule:

6-Year Graduated - Years of Service	Vested Percentage
Fewer than two years	0%
2 or more years	20%
3 or more years	40%
4 or more years	60%
5 or more years	80%
6 or more years	100%

For the purpose of making Elective Deferral Contributions employees can contribute on their own starting the 1st of the month following their employment date. Plan expenses incurred by the Club for the year ended June 30, 2024 was \$194,133.

Note 14 – Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30, 2024:

Branch operations and programs	\$ 665,083
Capital improvements	9,744,941
Endowment	10,128,225
Land - specified use	2,358,729
Employee assistance	127,644
	\$ 23,024,622

Net assets released from donor restrictions during the fiscal year ended June 30, 2024 are as follows:

Net assets released:	
Time restricted pledges	\$ 1,000,000
Building Great Futures Campaign	13,429,881
Programs and services	1,108,689
Leasehold interest	51,561
	\$ 15,590,131

Boys & Girls Club of Martin County, Inc.
Notes to the Financial Statements (continued)

Note 15 – Net Assets Without Donor Restriction – Board Designated

A portion of the Club’s net assets without donor restrictions in the amount of \$2,497,596 has been designated for emergencies by the Board of Directors. The funds can be used at the Board’s discretion for emergency funding in the case of natural disasters or other unforeseen events.

Note 16 – Grant Income

Grant income includes revenues received under federal grant awards as well as state and local grant revenues. The following schedule provides the breakdown of federal, state and local grant revenues for the fiscal year ended June 30, 2024:

Federal grants	\$	4,250,582
State grants		1,117,303
Local grants		770,275
	\$	6,138,160

Note 17 – Contributions of Nonfinancial Assets

The Club receives various donated rental spaces and professional services. It is the policy of the Club to use contributed nonfinancial assets for programmatic or other purposes unless the assets have no utility consistent with the Club’s mission. In those instances, the assets will monetized. During the year the Club received contributions of nonfinancial assets as outlined below:

	2024	Usage in Programs	Donor Restrictions	Valuation Technique
Contribution of facility and telephone usage for the AmeriCorps Elementary and Middle School Programs	\$ 128,029	Administrative space, school and club sites for aftercare and summer camp	Must be used for programs	Estimated fair rental value less actual rent paid
Contribution of advertising and supplies for Merry and Bright Fundraiser	27,361	Billboard and printed literature for fundraiser	Must be used for fundraising event	Estimated fair value of services provided
Contribution of supplies and food for use by program participants	62,554	Supplies and food provided to students at club sites	Must be used for programs	Estimated fair value of food and supplies
Contribution of landscape and materials for Indiantown Community Garden	3,430	Services provided for the betterment of club sites	Indiantown garden program	Estimated fair value of materials provided
Contribution of discounted service and facilities	4,844	Administrative space and professional services	General and administrative	Estimated fair value of services provided
	\$ 226,218			

Boys & Girls Club of Martin County, Inc.
Notes to the Financial Statements (continued)

Note 18 – Special Events

For the year ended June 30, 2024, the Club had special event income as outlined below:

	Event Income	Direct Expenses	Net Event Income
Benefit	\$ 1,344,720	\$ 206,166	\$ 1,138,554
Tee Fore Two Golf Tournament	112,557	71,956	40,601
Food truck	78,473	75,009	3,464
Youth of the Year	9,000	-	9,000
Other	1,732	1,884	(152)
	\$ 1,546,482	\$ 355,015	\$ 1,191,467

Note 19 – Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of June 30, 2024 are:

Cash and cash equivalents	\$ 9,107,611
Current grants and pledges receivable	5,156,400
Less:	
Less cash with donor restrictions	(6,850,243)
Less current pledges with donor restrictions	(3,453,471)
Total financial assets available for general expenditure	\$ 3,960,297

The Club primarily funds operations through government grants, contributions and program service revenues.

Note 20 - New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued a new Accounting Standards Update (ASU), ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* on June 16, 2016. The standard introduced an impairment model (the Current Expected Credit Losses(CECL) model) that is based on expected losses rather than incurred losses. The new standard is effective for years beginning after December 15, 2022. The Club adopted the new standard prospectively as of July 1, 2023. The adoption of the standard had no material effect on the financial statements.

Note 21 – Related Parties

During the fiscal year the Club provided a bridge loan to one of its employees to assist the employee in relocating to Martin County. The loan, secured by real property, is payable at the time of the sale of that property and it accrues no interest for the duration of the loan as long as the employee continues to remain employed. An additional loan and mortgage agreement was finalized with the same employee after the end of the fiscal year.

Boys & Girls Club of Martin County, Inc.
Notes to the Financial Statements (continued)

Note 22 – Risks and Uncertainties

As made available under the CARES Act, the Club received \$972,405 in Employee Retention Tax Credits and interest by filing revised 2020 and 2021 Form 941-X Adjusted Employer's Quarterly Federal Tax Returns for the quarters ended December 31, 2020 and March 31, 2021 during its 2023 fiscal year. The Club believes that it qualifies for and has complied with all provisions of the CARES Act as amended as well as all other government provisions as related to the ERC. The Club's amended Employer's Quarterly Federal Tax Returns are currently subject to IRS examination for up to five years. In the event the IRS disagrees with the Club's eligibility for the ERC, the IRS can demand a full or partial repayment and impose interest charges and penalties.

Note 23 – Disclosure of Subsequent Events

In August 2024, the Club entered into a 20-year lease for office space resulting in significant future operating right-of-use assets and lease liabilities. The net present value of the commitment is projected to be \$6.7 million. No amounts related to this lease have been recorded in the financial statements as of June 30, 2024.

Management has evaluated subsequent events through February 27, 2025, the date the financial statements were available to be issued. After consideration of the above, management is not aware of any events subsequent to the statement of financial position date which would require additional adjustments to, or disclosure in, the accompanying financial statement.

ADDITIONAL INFORMATION

Boys & Girls Club of Martin County, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended June 30, 2024

Federal/State Grantor Pass-through Grantor/Federal Program/ State Project Title	Assistance Listing Number/ CSFA No.	Grant Contract Number	Total Expenditures	Passed Through to Subrecipients
U.S. Department of Education/Pass-through-				
Florida Department of Education				
21st Century Community Learning Centers	84.287	43C-2443B-3PCC1	\$ 55,874	\$ -
21st Century Community Learning Centers	84.287	43C-2443B-3PCC2	67,521	-
21st Century Community Learning Centers	84.287	43C-2443B-3PCC3	90,800	-
21st Century Community Learning Centers	84.287	43C-2443B-3PCC5	42,803	-
21st Century Community Learning Centers	84.287	43C-2444B-4PRN1	640,332	-
21st Century Community Learning Centers	84.287	43C-2444B-4PRN2	643,620	-
21st Century Community Learning Centers	84.287	43C-2444B-4PRN3	627,908	-
21st Century Community Learning Centers	84.287	43C-2444B-4PCC5	618,630	-
Total U.S Department of Education			<u>2,787,488</u>	<u>-</u>
Corporation for National and Community Service				
Volunteer Generation Fund	94.021	23VGHFL001	77,409	-
AmeriCorps	94.006	23NDHFL003	150,645	-
AmeriCorps VISTA	94.013	IN-KIND	6,681	-
Corporation for National and Community Service/Pass-through-				
Florida Commission on Community Service				
AmeriCorps	94.006	2022-2023 Americorps	62,073	-
AmeriCorps	94.006	2023-2024 Americorps	637,064	-
Total Corporation for National and Community Service			<u>933,872</u>	<u>-</u>
U.S. Department of Health and Human Services/Pass-through-				
Florida Department of Health				
Child & Adult Care Food Program Summer Meal:	10.559	SFSP 2022-2023	48,108	-
Child & Adult Care Food Program Summer Meal:	10.559	SFSP 2023-2024	62,915	-
Child & Adult Care Food Program	10.558	CACFP 2023-2024	374,199	-
Total U.S. Department of Health and Human Services			<u>485,222</u>	<u>-</u>

Boys & Girls Club of Martin County, Inc.
 Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)
 For the year ended June 30, 2024

Federal/State Grantor Pass-through Grantor/Federal Program/ State Project Title	Assistance Listing Number/ CSFA No.	Grant Contract Number	Total Expenditures	Passed Through to Subrecipients
U. S. Department of Justice/Pass-through -				
Boys and Girls Club of America				
Mentoring Youth At-Risk	16.726	OJJDP 2023-52467	9,000	-
Mentoring Youth At-Risk	16.726	OJJDP 2023-52468	9,000	-
Mentoring Youth At-Risk	16.726	OJJDP 2023-52469	7,500	-
Mentoring Youth At-Risk	16.726	OJJDP 2023-52470	7,500	-
Mentoring Youth At-Risk	16.726	OJJDP 2022-52467	3,000	-
Mentoring Youth At-Risk	16.726	OJJDP 2022-52468	3,000	-
Mentoring Youth At-Risk	16.726	OJJDP 2022-52469	2,500	-
Mentoring Youth At-Risk	16.726	OJJDP 2022-52470	2,500	-
Total U.S. Department of Justice			44,000	-
Total Expenditures of Federal Awards			\$ 4,250,582	\$ -
State Agency Name:				
Florida Department of Education				
Mentoring Program	48.068	43C-90315-4Q001	\$ 250,000	\$ -
Florida Department of Education/Pass-through-				
Florida Alliance of Boys & Girls Clubs				
Workforce readiness	48.040	N/A	151,172	-
Mentoring/Student Assistance Initiatives	48.068	N/A	84,655	-
Total Florida Department of Education			485,827	-
Florida Department of Juvenile Justice/Pass-through-				
Florida Alliance of Boys & Girls Clubs				
SMART Programs	80.029	N/A	341,226	-
Florida Department of Children & Families/Pass-through-				
Florida Alliance of Boys & Girls Clubs				
Opioid Awareness Program	60.153	N/A	290,250	-
Total Expenditures of Florida State Financial Assistance Programs			\$ 1,117,303	\$ -

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

Boys & Girls Club of Martin County, Inc.

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
For the year ended June 30, 2024

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state award activity of the Boys and Girls Clubs of Martin County, Inc. (the "Club") under programs of the federal and state governments for the year ended June 30, 2024. The information in this 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 Auditor General* of the State of Florida. Because the Schedule presents only a selected portion of the operations of the Club, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Club.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported in the schedule of expenditures of federal awards and state financial assistance 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 Auditor General* of the State of Florida, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – De Minimis Cost Rate

The Boys and Girls Club of Martin County, Inc. has not elected to use the 10% de minimis indirect cost rate.

Note 4 – Sub-Recipient Monitoring

The Boys and Girls Club of Martin County, Inc. has not provided any awards to subrecipients.

Note 5 – AmeriCorps Matching Requirement

All matching requirements for the AmeriCorps contracts in effect from July 1, 2023 through June 30, 2024 have been met by the Club.

Note 6 – Contingency

Amounts received, or receivable, from grantor agencies are subject to audit and adjustment by grantor agencies. If any expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Boys and Girls Clubs of Martin County, Inc. In the opinion of Management, any such adjustment would not be significant.



KMETZ·ELWELL·GRAHAM & ASSOCIATES, PLLC
Certified Public Accountants

**Independent Auditors' 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***

To the Board of Directors
Boys & Girls Club of Martin County, Inc.

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 Boys & Girls Club of Martin County, Inc. (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 27, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boys & Girls Club of Martin County, 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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Boys & Girls Club of Martin County, Inc.'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.

Our consideration of internal control over financial reporting 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boys & Girls Club of Martin County, Inc.'s financial statements are free of 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 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*.

To the Board of Directors
Boys & Girls Club of Martin County, Inc.

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.

Kmetz, Elwell, Graham & Associates

Kmetz, Elwell, Graham & Associates, PLLC
Certified Public Accountants
Vero Beach, Florida

February 27, 2025



KMETZ • ELWELL • GRAHAM & ASSOCIATES, PLLC
Certified Public Accountants

Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*

To the Board of Directors
Boys & Girls Club of Martin County, Inc.

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Boys & Girls Club of Martin County Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the requirements described in the State of Florida's *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of Boys & Girls Club of Martin County, Inc.'s major federal programs and state projects for the year ended June 30, 2024. Boys & Girls Club of Martin County, Inc.'s major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Boys & Girls Club of Martin County, Inc. 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 projects for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program and State 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 Auditor General* of the State of Florida. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Boys & Girls Club of Martin County, Inc. 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 project. Our audit does not provide a legal determination of Boys & Girls Club of Martin County, Inc.'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 Boys & Girls Club of Martin County, Inc.'s federal programs and state projects.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Boys & Girls Club of Martin County, Inc.'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, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, *Rules of the 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 Boys & Girls Club of Martin County, Inc.'s compliance with the requirements of each major federal program and state project as a whole.

To the Board of Directors
Boys & Girls Club of Martin County, Inc.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, and Chapter 10.650, *Rules of the 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 Boys & Girls Club of Martin County, Inc.'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 Boys & Girls Club of Martin County, Inc.'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 Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of Boys & Girls Club of Martin County, Inc.'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 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 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 state 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 Auditor General* accordingly, this report is not suitable for any other purpose.

Kmetz, Elwell, Graham & Associates

Kmetz, Elwell, Graham & Associates, PLLC
Certified Public Accountants
Vero Beach, Florida
February 27, 2025

**Boys & Girls Club of Martin County, Inc.
Schedule of Findings and Questioned Costs
Federal Programs and State Projects
Year Ended June 30, 2024**

A. Summary of Audit Results

Financial statements

Type of audit report issued	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiency identified that is not considered to be material weaknesses?	None reported
Noncompliance which is material to the financial statements noted?	No

Federal Awards

Internal control over major programs or state projects:	
• Material weaknesses identified?	No
• Significant deficiency identified that is not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

<u>Federal Program</u>	<u>Assistance Listing Number</u>
U.S. Department of Education Nita M Lowey 21 st Century Community Learning Centers Statewide Continuation	84.287
The dollar threshold for distinguishing Type A and B federal programs	\$750,000
Auditee qualifies as a low risk auditee pursuant to the Uniform Guidance:	No

State Projects

Internal control over major projects:	
• Material weaknesses identified?	No
• Significant deficiency identified that is not considered to be material weaknesses?	None reported

**Boys & Girls Club of Martin County, Inc.
 Schedule of Findings and Questioned Costs
 Federal Programs and State Projects
 Year Ended June 30, 2024**

Type of auditors' report issued on compliance for major programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650? No

Identification of major state project:

<u>State Project</u>	<u>CSFA Number</u>
State of Florida Department of Children and Families Substance abuse and opioid awareness	60.153
State of Florida Department of Juvenile Justice SMART Program	80.029
B. Findings - Financial Statements Audit	None
C. Findings and Questioned Costs - Major Federal Award Program	None
D. Findings and Questions Costs – State Projects	None

**Boys & Girls Club of Martin County, Inc.
Summary Schedule of Prior Audit Findings
Year ended June 30, 2023**

E. Summary Schedule of Prior Year Audit Findings

Finding 2023-001 Internal control over schedule of expenditure of federal awards.

Prior year finding: Boys & Girls Club of Martin County, Inc. did not track federal expenditures accurately.

Current year status: The finding has been corrected in the current year.

Finding 2023-002 Internal control over cost reporting.

Prior year finding: Boys & Girls Club of Martin County, Inc. did not accurately track costs for reimbursement.

Current year status: The finding has been corrected in the current year.



KMETZ · ELWELL · GRAHAM & ASSOCIATES, PLLC
Certified Public Accountants

Management Letter

To the Board of Directors and
Senior Management
Boys & Girls Club of Martin County, Inc.

In planning and performing our audit of the financial statements of Boys & Girls Club of Martin County, Inc. as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered Boys & Girls Club of Martin County, Inc.'s internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

We have completed our audit of the financial statements of Boys & Girls Club of Martin County, Inc. for the year ended June 30, 2024, and issued our report thereon dated February 27, 2025.

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 *Governmental 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 Auditor General* of the State of Florida. We have issued our Independent Auditors' 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, Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedules, which are dated February 27, 2025, should be considered in conjunction with this management letter.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2023-001 Internal control over schedule of expenditure of federal awards. This item was corrected by Boys & Girls Club of Martin County, Inc.

2023-002 Inadequate controls over financial reporting. This item was corrected by Boys & Girls Club of Martin County, Inc.

This management letter is intended solely for the information of the Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Kmetz, Elwell, Graham & Associates

Kmetz, Elwell, Graham & Associates, PLLC
Certified Public Accountants
Vero Beach, Florida

February 27, 2025