



BOYS TOWN

Consolidated Financial Statements and Single Audit Report

December 31, 2024

(With Independent Auditors' Report Thereon)

BOYS TOWN

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Independent Auditors' Report

The Board of Trustees
Father Flanagan's Boys' Home

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Father Flanagan's Boys' Home d/b/a Boys Town (the Organization), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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



In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information presented in the Boys Town and program-related affiliates and Father Flanagan's Fund for Needy Children columns on page 3 and 4 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2025 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

KPMG LLP

Omaha, Nebraska
May 30, 2025

BOYS TOWN

Consolidated Statement of Financial Position

December 31, 2024

(Dollar amounts in thousands)

Assets	Boys Town and program- related affiliates	Father Flanagan's Fund for Needy Children – Without donor restrictions	Eliminations	Boys Town consolidated total
Cash and cash equivalents	\$ 11,405	—	—	11,405
Accounts receivable, net	51,471	561	(71)	51,961
Prepaid expenses and other	38,435	—	—	38,435
Investments	366,735	1,082,130	—	1,448,865
Beneficial interest in trust assets	97,410	—	—	97,410
Interest in Father Flanagan's Fund for Needy Children	1,082,246	—	(1,082,246)	—
Land, buildings, and equipment, net	246,353	—	—	246,353
Total assets	\$ 1,894,055	1,082,691	(1,082,317)	1,894,429
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 28,479	—	—	28,479
Accrued liabilities	50,488	445	(71)	50,862
Long-term debt, net	87,575	—	—	87,575
Total liabilities	166,542	445	(71)	166,916
Net assets:				
Without donor restrictions:				
Designated by the board	1,183,499	1,082,246	(1,082,246)	1,183,499
Undesignated	361,138	—	—	361,138
Total without donor restrictions	1,544,637	1,082,246	(1,082,246)	1,544,637
With donor restrictions:				
Restricted by purpose and time	68,717	—	—	68,717
Perpetual in nature	114,159	—	—	114,159
Total with donor restrictions	182,876	—	—	182,876
Total net assets	1,727,513	1,082,246	(1,082,246)	1,727,513
Total liabilities and net assets	\$ 1,894,055	1,082,691	(1,082,317)	1,894,429

See accompanying notes to consolidated financial statements.

BOYS TOWN

Consolidated Statement of Activities

Year ended December 31, 2024
(Dollar amounts in thousands)

	Boys Town and program-related affiliates			Father Flanagan's Fund for Needy Children – Without donor restrictions	Eliminations	Boys Town consolidated total
	Without donor restrictions	With donor restrictions	Total			
Revenue, gains, and other support:						
Contributions	\$ 124,904	4,684	129,588	—	—	129,588
In-kind donations	28,593	—	28,593	—	—	28,593
Legacies and bequests	16,070	5,880	21,950	—	—	21,950
Program service revenue	287,842	—	287,842	—	—	287,842
Other revenue	3,945	—	3,945	28	—	3,973
Investment return, net	27,084	6,813	33,897	97,443	—	131,340
Change in value of beneficial interest in trust assets	—	6,876	6,876	—	—	6,876
Net assets released from restrictions	7,946	(7,946)	—	—	—	—
Total revenue, gains, and other support	<u>496,384</u>	<u>16,307</u>	<u>512,691</u>	<u>97,471</u>	<u>—</u>	<u>610,162</u>
Expenses:						
Program services	480,955	—	480,955	—	—	480,955
Supporting services	86,449	—	86,449	196	—	86,645
Total expenses	<u>567,404</u>	<u>—</u>	<u>567,404</u>	<u>196</u>	<u>—</u>	<u>567,600</u>
Revenue, gains, and other support over (under) expenses	(71,020)	16,307	(54,713)	97,275	—	42,562
Change in net assets of Father Flanagan's Fund for Needy Children	43,426	—	43,426	—	(43,426)	—
Support from Father Flanagan's Fund for Needy Children	53,849	—	53,849	(53,849)	—	—
Actuarial loss on annuity trust obligations	(1,061)	—	(1,061)	—	—	(1,061)
Pension-related changes other than service cost	4,018	—	4,018	—	—	4,018
Increase (decrease) in net assets	<u>29,212</u>	<u>16,307</u>	<u>45,519</u>	<u>43,426</u>	<u>(43,426)</u>	<u>45,519</u>
Net assets, beginning of year	<u>1,515,425</u>	<u>166,569</u>	<u>1,681,994</u>	<u>1,038,820</u>	<u>(1,038,820)</u>	<u>1,681,994</u>
Net assets, end of year	<u>\$ 1,544,637</u>	<u>182,876</u>	<u>1,727,513</u>	<u>1,082,246</u>	<u>(1,082,246)</u>	<u>1,727,513</u>

See accompanying notes to consolidated financial statements.

BOYS TOWN

Consolidated Statement of Cash Flows

Year ended December 31, 2024
(Dollar amounts in thousands)

Cash flows from operating activities:	
Increase in net assets	\$ 45,519
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Pension-related charges other than net periodic pension cost	(3,788)
Actuarial loss on annuity trust obligations	1,061
Net periodic pension benefit	(36)
Realized and unrealized gain on investments, net	(127,903)
Change in value of beneficial interest in trust assets	(6,876)
Loss on sale and conversion of building and equipment	110
Depreciation	19,713
Contributions restricted for long-term investments	(1,645)
Other	1,131
Net changes in assets and liabilities:	
Increase in accounts receivable	(189)
Increase in prepaid expenses and other	(1,774)
Decrease in beneficial interest in trust assets	773
Increase in accounts payable	8,324
Increase in accrued liabilities	3,197
Decrease in pension asset	11
Net cash used in operating activities	<u>(62,372)</u>
Cash flows from investing activities:	
Purchases of buildings and equipment	(18,574)
Purchase of assets restricted to investment in building and equipment	(1,547)
Proceeds from sale and conversion of building and equipment	47
Proceeds from sale of investments	2,580,340
Purchases of investments	<u>(2,498,909)</u>
Net cash provided by investing activities	<u>61,357</u>
Cash flows from financing activities:	
Proceeds from gift annuities issued	1,209
Contributions restricted for long-term investment	1,645
Payments on long-term obligations	<u>(3,421)</u>
Net cash used in financing activities	<u>(567)</u>
Net decrease in cash and cash equivalents	(1,582)
Cash and cash equivalents, beginning of year	<u>12,987</u>
Cash and cash equivalents, end of year	<u>\$ 11,405</u>
Supplemental disclosures of cash flow information:	
Cash paid during the year for interest	\$ 2,370
Lease liabilities arising from obtaining operating right-of-use assets	355
Noncash operating and investing activity:	
Purchases of buildings and equipment in accounts payable	\$ 884

See accompanying notes to consolidated financial statements.

BOYS TOWN

Consolidated Statement of Functional Expenses

Year ended December 31, 2024

(Dollar amounts in thousands)

	Program services						Supporting services			Total expenses
	Nebraska/ Iowa Services	Home Campus Educational Program	Programs Across America	Boys Town National Research Hospital	Boys Town National Hotline and Public Services	Total	Management and general	Fundraising	Total	
Salaries	\$ 42,666	15,076	31,792	138,723	10,392	238,649	12,121	5,483	17,604	256,253
Employee benefits	12,484	4,867	7,975	32,549	3,028	60,903	3,440	1,480	4,920	65,823
Payroll taxes	3,127	1,101	2,486	8,992	766	16,472	795	409	1,204	17,676
Total salaries and related expenses	58,277	21,044	42,253	180,264	14,186	316,024	16,356	7,372	23,728	339,752
Specific assistance to youth	5,604	600	1,490	110	—	7,804	5	3	8	7,812
Occupancy	3,416	1,925	2,950	6,518	233	15,042	468	103	571	15,613
Contract services	4,275	1,813	4,413	10,207	249	20,957	757	1,382	2,139	23,096
Supplies	2,131	1,159	1,047	27,875	308	32,520	293	239	532	33,052
Printing and publications	129	36	36	496	416	1,113	334	31,875	32,209	33,322
Postage	147	40	38	242	216	683	585	15,477	16,062	16,745
Equipment – rental and maintenance	746	308	325	2,359	47	3,785	86	45	131	3,916
Professional fees	407	127	1,074	7,976	28,916	38,500	3,742	2,970	6,712	45,212
Travel	886	78	988	881	322	3,155	99	163	262	3,417
Information technology	1,985	703	1,610	10,373	721	15,392	1,281	555	1,836	17,228
Communications	467	38	453	449	59	1,466	67	25	92	1,558
Interest	420	545	137	617	37	1,756	85	15	100	1,856
Other	704	102	827	1,887	158	3,678	538	1,092	1,630	5,308
Total expenses before depreciation	79,594	28,518	57,641	250,254	45,868	461,875	24,696	61,316	86,012	547,887
Depreciation of buildings and equipment	3,467	2,730	1,439	11,191	253	19,080	559	74	633	19,713
Total expenses	\$ 83,061	31,248	59,080	261,445	46,121	480,955	25,255	61,390	86,645	567,600

See accompanying notes to consolidated financial statements.

BOYS TOWN

Notes to the Consolidated Financial Statements

December 31, 2024

(Dollar amounts in thousands)

(1) Nature of Operations

Father Flanagan's Boys' Home, a nonsectarian, not-for-profit organization, and its affiliates, governed by a volunteer board, operate as Boys Town. Boys Town's mission is to change the way America cares for children and families. Boys Town accomplishes this by providing a wide array of programs on a vast continuum of compassion-based services, designed to reunite and strengthen families. Services include, but are not limited to, housing, treatment, support, and/or educational services for individual at-risk youth in our residential programs as well as working directly with at-risk families in their own homes to provide them with the skills, resources, and support necessary to help keep their family together. Boys Town provides inpatient and outpatient psychiatric, psychological, and medical care as well as a spectrum of mental health services both online and through our crises intervention center.

In 2024, Boys Town reached hundreds of thousands of children and families nationwide with timely, life-changing care. Through support in schools, intervention at home or specialized treatment in clinical settings, our comprehensive approach ensures families receive the help they need, when and where they need it most.

A description of the major program services is as follows:

- **Nebraska and Iowa Services** consist of the Family Home Program, Intervention and Assessment Services, In-Home Family Services, Foster Family Services, Common Sense Parenting®, Successful Futures, the Center for Behavioral Health, Care Coordination, and others. These programs directly served over 12,400 youth and families in Nebraska/Iowa with a total of 161,000 care days.

Boys Town operates approximately 60 family-style Family Homes on the Home Campus, which is in the incorporated Village of Boys Town, Nebraska (the Village). These homes have a total capacity of more than 350 youth. Six to eight troubled boys or girls from throughout the United States of America, with ages generally ranging from 12 to 18, live in a home with a specially trained professionals called Family Teachers. The Family Teacher provides treatment planning, skill development, spiritual guidance, a family-style environment, and love and care, with the help of an Assistant Family Teacher. Each home is monitored, evaluated, and advised by a Program Director and other support personnel. In 2024, these homes provided 107,727 care days. The program is also served by three Intervention and Assessment Homes located on the Home Campus. The Intervention and Assessment Homes provide short-term services for youth typically in crises for a total of 4,026 care days. In addition to its residential program, Boys Town also operates Foster Family Services program, In-Home Family Services, and Community Support Services programs in Nebraska and Iowa.

The Nebraska site operates a Center for Behavioral Health, which served 4,100 youth in 2024 with behavioral problems on an outpatient basis and is a training center for doctoral-level psychologists. In schools nationwide, Boys Town education experts work with educators to implement a unique approach that we call the Boys Town Education Model®. Built and refined on decades of research and experience, the Education Model provides a comprehensive approach to addressing the behavioral and social needs of students. In 2024, 10,000 teachers were trained.

- **The Home Campus Educational Program** operates within the Boys Town Education Center. The Village schools serve residential youth at Boys Town and provide academic and vocational training

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December 31, 2024

(Dollar amounts in thousands)

skills necessary for contemporary society. All Boys Town's schools are fully accredited by the state of Nebraska and the North Central Association. A full range of special education services is provided to all youth who require this type of assistance.

The Boys Town Day School in the Village and the Duncan Day School in Duncan, Nebraska serve youth who cannot receive education services in a public or alternative school setting due to behavioral problems and/or academic deficiencies. These schools have also served parentally placed private youth and court-placed youth. Boys Town served 180 students in day school services in 2024.

- **Programs across America** directly served over 19,100 youth at seven affiliated sites nationwide in 2024. These affiliated sites are Boys Town Central Florida, Inc.; Boys Town Louisiana, Inc.; Boys Town Nevada, Inc.; Boys Town New England, Inc.; Boys Town North Florida, Inc.; Boys Town South Florida, Inc.; and Boys Town Washington, D.C., Inc.

Programs offered throughout the nation include Intervention and Assessment Services, Family Home Program, Foster Family Services, In-Home Family Services, LIFT Together with Boys Town, Common Sense Parenting®, Outpatient Behavioral Health Services, Care Coordination, and others. Boys Town Youth Care programs are certified by the Council on Accreditation (COA) across all sites.

Boys Town invests and emphasizes quality through staff training, evaluation, and outcomes research by having departments committed to the quality of Boys Town's programs. The Youth Care Program Quality Department provides technical training, program monitoring, consultation, evaluation, and quality control/quality assurance of Boys Town's nationwide system of services. Boys Town is certified by COA and the Teaching Family Association.

- **Boys Town National Research Hospital (BTNRH)** provides medical and surgical services at one hospital location and eight outpatient clinics in the Omaha, Nebraska metropolitan area. BTNRH is recognized internationally as a leader in pediatric brain development and communication disorder research and as a referral center for children with disorders of the ear, hearing and balance, cleft lip and palate, speech, and voice, as well as related disabilities. BTNRH clinical programs served over 47,200 children and adolescents in 2024 and had a total of 191,000 patient visits.

Boys Town Pediatrics, BTNRH's group of pediatric physicians, provides primary care and specialty pediatric medical services at seven clinic locations in the Omaha area. BTNRH employs or contracts with over 90 physicians in various subspecialties, including Allergy, Audiology, ENT, General Surgery, GI, Internal Medicine, Neurology, Ophthalmology, Outpatient Psychiatry, Physical Therapy, Rheumatology, and Speech Therapy.

BTNRH also provides medically directed behavioral health services. These services include an 80-bed Psychiatric Residential Treatment Facility (PRTF), which is attached to the hospital. This PRTF is staffed with multidisciplinary medical and behavioral health staff. BTNRH also has a 16-bed Inpatient Psychiatric Unit (IPU) attached to the hospital and PRTF Unit. This acute care program treats the highest-risk psychiatric youth patients. The IPU is staffed with physicians, nurses, social workers, a teacher, and psychiatric technicians. These two programs provided 28,000 care days. Boys Town also has a network of telehealth sites across Nebraska to serve patients in their local area.

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(Dollar amounts in thousands)

BTNRH supports a world-class research program that comprises 48 independent laboratories that focus broadly on areas of scientific inquiry related to communication disorders, neurobehavioral disorders including brain development, and behavioral health. The research programs at BTNRH received over \$17,917 in external research funding in 2024.

- **Boys Town National Hotline and Public Services** meets the informative and public service needs of youth, parents, teachers, and youth professionals who are involved directly or indirectly with helping youth.

The Boys Town National Hotline (the Hotline), at 1-800-448-3000, helps hundreds of thousands of children and families throughout all 50 states each and every year. The Hotline provides toll-free phone, as well as text, email, and chat crisis service for troubled children and families. The Hotline received approximately 100,000 contacts in 2024. The Hotline operates 24 hours a day, 7 days a week, with trained, skilled, professional operators. The Hotline is equipped to handle calls from people who speak a variety of languages. The Hotline is accredited by the American Association of Suicidology (AAS).

In an effort to reach the highest number of youth in need of assistance, through a medium more frequently used by youth, the Hotline has a website called yourlifeyourvoice.org. All of Boys Town's websites provide a wide array of content to provide parents and youth with information to help with their issues and problems. In 2024, these websites had over 3,700,000 active users.

The Hotline is the 988 Lifeline provider for the State of Nebraska. In addition to operating the Hotline, Boys Town also operates the Nebraska Family Helpline (the Helpline). The Helpline was conceived when Nebraska lawmakers realized families experiencing crises needed a central, knowledgeable place to go to get help or answers to their behavioral health needs. The Helpline counselors assist families in managing immediate crisis situations, make referrals, help them navigate government systems, and follow up with families to ensure they received the help they needed. The Hotline also operates the Safe2Help school tipline for the state of Nebraska currently covering 60% of all students in the state.

The Helpline has been honored in the press and by the Nebraska legislature for its effective service to Nebraska families.

(2) Summary of Significant Accounting Policies

The following is a summary of significant accounting policies used in the preparation of the consolidated financial statements:

(a) Basis of Presentation

The accompanying consolidated financial statements include the accounts of Father Flanagan's Boys' Home, its active affiliates (Boys Town Central Florida, Inc.; Boys Town North Florida, Inc.; Boys Town Louisiana, Inc.; Boys Town Nevada, Inc.; Boys Town New England, Inc.; Boys Town South Florida, Inc.; and Boys Town Washington D.C., Inc.), Father Flanagan's Fund for Needy Children (FFFNC), and Square Mile Insurance Company, LLC. All intercompany balances and transactions have been eliminated in consolidation.

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Notes to the Consolidated Financial Statements

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(Dollar amounts in thousands)

Boys Town and its consolidated affiliates are collectively referred to as Boys Town within this report.

(b) Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. Net assets that have similar characteristics have been combined into similar categories.

- Without donor restrictions, undesignated – Net assets without donor restrictions account for resources over which the governing board has discretionary control to use in carrying on the operations of Boys Town that are not subject to donor-imposed stipulations.
- Without donor restrictions, designated by the board – Net assets consist of resources, which the governing board has determined are to be retained for the exclusive purpose of providing financial support to the various Boys Town programs.
- With donor restrictions – Net assets with donor restrictions include (1) resources currently available for use but expendable only for purposes specified by the donor or grantor or which will become available for use at a later time and (2) gifts and bequests accepted with stipulation that the principal be maintained in perpetuity or Boys Town's interest in perpetual trusts held by other trustees but which benefits Boys Town.

(c) Cash and Cash Equivalents

Cash and cash equivalents include investments with an original maturity of three months or less. Boys Town classifies any cash and cash equivalents held by external managers as investments as these funds are not intended for current operations.

(d) Interest in Net Assets of Father Flanagan's Fund for Needy Children

Because of Boys Town's relationship as FFFNC's sole member and the overall financial interrelationship of the Boys Town and FFFNC, Boys Town reports its interest in the net assets of FFFNC in the consolidated statement of financial position, with corresponding changes in those net assets reported in the accompanying consolidated statement of activities. These activities are eliminated in consolidation.

(e) Investments

Investments are reported at fair value. Valuations provided by external investment managers and the custodian bank include observable market quotation prices and observable inputs other than quoted prices, such as matrix pricing or indexes and other methods. Investments in securities traded on a national securities exchange are valued at the latest quoted market prices. For fixed-income securities, if quoted market prices are not available, the fair values are estimated using pricing models, quoted prices of similar securities with similar characteristics, or discounted cash flows. For alternative investments in funds that do not have readily determinable fair values, including private equity funds, hedge funds, real estate, and other funds, Boys Town estimates fair value using net asset value per share or its equivalent as a practical expedient to fair value. Boys Town applies the practical expedient to its investments on an investment-by-investment basis and consistently with Boys Town's entire

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December 31, 2024

(Dollar amounts in thousands)

position in a particular investment unless it is probable that Boys Town will sell a portion of an investment at an amount different from the net asset valuation.

Donated investments are reported at estimated fair value at the date of receipt. Realized gains and losses on sales of investments are recognized in the consolidated statement of activities as specific investments are sold. Interest is recognized as earned. Dividend income is recognized on the ex-dividend date. All realized and unrealized gains and losses and income arising from investments are recognized in the consolidated statement of activities as increases or decreases to net assets without donor restrictions unless their use is restricted by donor stipulation or law.

(f) Fair Value Measurements

Boys Town applies the provisions included in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements. 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.

ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Boys Town has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

(g) Beneficial Interest in Trust Assets

Boys Town holds a beneficial interest in assets held in perpetuity and remainder trusts, which are controlled by independent trustees. Boys Town records the beneficial interests at fair value.

(h) Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost. Gifts of land, buildings, equipment, or other assets are recorded at estimated fair value when received. Provisions for depreciation are computed using the straight-line method based on the estimated useful lives of the assets.

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash

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Notes to the Consolidated Financial Statements

December 31, 2024

(Dollar amounts in thousands)

or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained; expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed into service. Contributions restricted to the purchase of property and equipment in which restrictions are met within the same year as received are reported as increases in assets without donor restrictions.

(i) Impairment of Long-Lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized to the extent the carrying amount of the asset exceeds its fair value.

(j) Contributions

Contributions, unconditional promises to give (pledges), and donated properties and materials are recorded at their estimated fair value at date of donation. A promise to give is conditional on the basis of whether the agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. A conditional promise to give becomes an unconditional promise to give when the barriers in the agreement are overcome and the promise is then reported at fair value. All contributions are considered to be available for unrestricted use unless specified by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in assets with donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, Boys Town reports the support as without donor restrictions.

Contributions from government grants are recognized as they are earned through expenditure in accordance with the agreements. Since restrictions are fulfilled in the same period in which the revenue is recognized, Boys Town reports revenue from government grants as support without donor restrictions. In 2024, Boys Town reported \$23,364 in government grant revenue within contributions in the consolidated statement of activities.

(k) In-Kind Donations

Donated advertising is recorded as contribution revenue and program expense (professional fees) at their estimated fair value of \$28,257 in the consolidated statement of activities. Donated advertising consists of radio, television, and print materials. Donated advertising is valued based on commercial rates paid by other organizations for comparable services, which are considered Level 3 inputs in the fair value hierarchy. Management employs a third party to assist in the valuation of donated television advertising. The remaining \$336 of in-kind donations were goods and services utilized in providing care for the youth families serviced by Boys Town. Unless otherwise noted, in-kind donations did not have donor-imposed restrictions.

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(l) *Contracts with Customers*

Revenue recognized under ASC Topic 606, *Revenue from Contracts with Customers*, is reported as program service revenue on the consolidated statement of activities. Receivables related to contracts with customers were \$45,211 and are reported within accounts receivable on the consolidated statement of financial position. The following table disaggregates program service revenue by major source and program during the year ended December 31, 2024.

	Nebraska Iowa Services	Home Campus Educational Services	Programs Across America	Boys Town National Research Hospital	Boys Town National Hotline and Public Services	Total
Patient service revenue	\$ 6,738	—	1,112	203,203	—	211,053
Agency revenue	24,182	9,452	29,318	7,057	6,780	76,789
Program service revenue	\$ 30,920	9,452	30,430	210,260	6,780	287,842

(i) *Patient Service Revenue*

Patient service revenue is reported at the amount that reflects the consideration expected to be received in exchange for providing patient care. These amounts, representing transaction price, are due from patients, third-party payers (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, Boys Town bills patients and third-party payers several days after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are generally met when the patient is discharged or the visit is complete, typically within a 24-hour period. Performance obligations are satisfied over time, and patient service revenue is recognized when the good or services are provided, and it is believed no additional services will be provided to the patient. Because these performance obligations relate to contracts with a duration of less than one year, Boys Town elected to apply the optional exemption provided in ASC Topic 606 and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Boys Town determines the transaction price, which involves significant estimates and judgment, based on standard charges for goods and services provided, and reduced by explicit and implicit price concessions, including contractual adjustments provided to third-party payers, discounts provided to uninsured and underinsured patients in accordance with policy, and/or implicit price concessions based on the historical collection experience of patient accounts. Boys Town determines the transaction prices associated with services provided to patients who have third-party payer coverage based on reimbursement terms per contractual agreements, discount

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policies, and historical experience. For uninsured patients who do not qualify for charity care, Boys Town determines the transaction price associated with services on the basis of charges reduced by implicit price concessions. Implicit price concessions included in the estimate of the transaction price are based on historical collection experience for applicable patient portfolios. Patients who meet Boys Town's criteria for "charity" care are provided care without charge; such amounts are not reported as revenue. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Settlements with third-party payers for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care using the most likely outcome method. These settlements are estimated based on the terms of the payment agreements with the payer, correspondence from the payer, and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as new information becomes available or as years are settled or are no longer subject to such audits, reviews, and investigations.

Boys Town uses a portfolio approach to account for categories of patient contracts as a collective group rather than recognizing patient services revenue on an individual contract basis. The portfolios consist of types of services provided for outpatient revenue. Based on the historical collection trends and other analyses, Boys Town believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

BTNRH comprises 96% of Boys Town's patient service revenue. BTNRH has agreements with third-party payers that provide for payments at amounts different from their established rates.

Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. Certain outpatient services are reimbursed based on a percentage rate representing the average discounted ratio of cost to charges. Clinic services are paid based on fee schedule amounts.

Revenue from the Medicaid program accounted for approximately 15% of net patient service revenue for the year ended December 31, 2024. Laws and regulations governing the Medicaid program are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Boys Town has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment under these agreements includes discounts from established charges, prospectively determined per diem rates, fee schedules, and prospectively determined rates per discharge.

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Patient service revenue recognized by BTNRH in 2024 by major payor sources and reported as program service revenue on the consolidated statement of activities is as follows:

Medicaid	\$	30,881
Commercial insurance and other third-party payers		170,181
Patient (self-pay)		<u>2,141</u>
Patient service revenue	\$	<u>203,203</u>

(ii) Agency Revenue

Agency revenue is reported at the amount that reflects the consideration expected to be received in exchange for providing services to youth and families. These revenues are due primarily from contracts with government agencies and may contain fiscal funding clauses. Boys Town is not aware of any contracts where the likelihood of the funding clause to be triggered is more than remote.

Agency revenue is recognized as performance obligations are satisfied. Generally, revenue for performance obligations related to contracts with agencies is satisfied over time and recognized based on a specified transaction price within the contract or stated reimbursable expenses. Boys Town believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the input needed to satisfy the obligation. Boys Town bills monthly after services are provided and typically measures the performance obligation based on time youth and families receive services or the passage of time for the contract term. Because Boys Town has the right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance to date, Boys Town has elected to apply the as-invoiced practical expedient provided in ASC Topic 606 and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

(m) Leases

Boys Town determines if an arrangement is or contains a lease at contract inception. The organization recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date.

For operating and finance leases, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments at the lease commencement date. The lease liability is subsequently measured at amortized cost using the effective-interest method.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any incentives received.

For operating leases, the ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease

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payments, less the unamortized balance of the lease incentives received. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

For finance leases, the ROU asset is subsequently amortized using the straight-line method from the lease commencement date to the earlier of the end of its useful life or the end of the lease term unless the lease transfers ownership of the underlying asset to Boys Town or Boys Town is reasonably certain to exercise an option to purchase the underlying asset. In those cases, the ROU asset is amortized over the useful life of the underlying asset. Amortization of the ROU asset is recognized and presented separately from interest expense on the lease liability.

Operating lease ROU assets are reported as part of prepaid expenses and other assets on the consolidated statement of financial position. Finance lease ROU assets are included in land, buildings, and equipment, net.

Boys Town has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less. Boys Town recognizes the lease payments associated with its short-term leases as an expense on a straight-line basis over the lease term. Variable lease payments associated with these leases are recognized and presented in the same manner as for all other Boys Town leases.

Boys Town leases generally include non-lease maintenance services (i.e., common area maintenance or equipment maintenance) and other non-lease components. Boys Town has elected the practical expedient to account for the lease and non-lease components as a single lease component. Therefore, for those leases, the lease payments used to measure the lease liability include all the fixed consideration in the contract.

(n) Income Taxes

Boys Town and its affiliates have been recognized as a tax-exempt organization by the Internal Revenue Service (IRS) as described in Section 501(c)(3) of the Code, and, therefore, is exempt from income taxes on related income under Section 501(a) of the Code. Boys Town accounts for uncertainties in accounting for income tax assets and liabilities by recognizing the effect of income tax positions only if those positions are more likely than not of being sustained. At December 31, 2024, Boys Town had no uncertain tax positions accrued.

(o) Pension Plans

Boys Town has a defined-benefit pension plan for active employees as of January 1, 1998. Boys Town records annual amounts relating to its pension plan based on calculations that incorporate various actuarial and other assumptions, including discounts rates, mortality, assumed rates of return, and compensation increases. Boys Town reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications to those assumptions is recorded in pension-related changes other than net periodic pension cost and amortized to net periodic cost over future periods using the corridor method. Boys Town believes that the assumptions utilized in recording its obligations under its plan are reasonable based on its experience and market conditions.

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The net periodic costs are recognized as employees render the services to earn the pension benefits. Boys Town recognized the service cost component as expenses on the consolidated statement of activities and is included in employee benefits on the consolidated statement of functional expenses.

(p) Retained Financial Risk

Boys Town uses a combination of insurance and self-insurance mechanisms to provide for potential liabilities for employee healthcare benefit, workers' compensation, professional liability, general liability, and property damage. Liabilities associated with the risks that are retained by Boys Town are estimated, in part, by considering historical claims experience and evaluations of outside experts, demographic factors, and severity factors. The estimated accrual for these liabilities could be affected if future occurrences and claims differ from these assumptions and historical trends. As of December 31, 2024, self-insurance liability was \$3,308 and is included in accrued liabilities in the consolidated statement of financial position.

(q) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(3) Liquidity

As of December 31, 2024, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows:

Financial assets:		
Cash and cash equivalents	\$	9,473
Accounts receivable, net		50,198
Investments		169,864
Board designations:		
Maintenance		2,465
FFFNC appropriation		54,751
Neurobehavioral research		148
		<hr/>
Total financial assets available within one year	\$	<u>286,899</u>

Boys Town has seasonality of cash flows due to timing of contributions. This seasonality is mitigated through annual appropriation of funds from FFFNC. Although Boys Town has a line of credit available, it is not part of management's liquidity strategy to utilize these funds. Boys Town invests cash in excess of daily requirements in short-term investments. Board designated funds and endowments with donor restrictions

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contain investments with provisions that would reduce the total investments that could be made available and therefore are not included above.

(4) Fair Value Measurements

The following table presents assets that are measured at fair value on a recurring basis and their level within the fair value hierarchy at December 31, 2024:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 11,405	11,405	—	—
Beneficial interest in trust assets	97,410	36	—	97,374
Short-term investments	107,301	107,301	—	—
Equities:				
Domestic	138,527	138,527	—	—
International	1,798	1,798	—	—
Fixed income:				
U.S. Treasury securities	76,580	76,580	—	—
Asset backed	17,001	—	17,001	—
Corporate and agency	30,991	—	30,991	—
Mutual funds:				
Equity	60,399	60,399	—	—
Fixed income	6,040	6,040	—	—
International	3,319	3,319	—	—
Real estate	662	—	662	—
Investments measured at net asset value ¹ :				
Global equity funds	384,650			
Absolute return funds	219,456			
Long/short equity	572			
Private equity funds	275,116			
Energy funds	78,350			
Real assets	48,103			
Total	\$ <u>1,557,680</u>	<u>405,405</u>	<u>48,654</u>	<u>97,374</u>

¹ Certain investments that are measured at fair value using net asset value per share (or equivalent) as a practical expedient to fair value have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are presented to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

Beneficial interest in trust assets represents Boys Town's interest in assets held in perpetuity and remainder trust controlled by independent trustees. The estimated value of assets held by independent

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trustees is Boys Town's percentage interest in the fair value of the underlying investments as reported by the independent trustees (Level 3 inputs).

Below is a summary of investments accounted for at net asset value:

	Fair value	Unfunded commitments	* Redemption frequency (if currently eligible)	Redemption notice period
Global equity funds (a)	\$ 384,650	—	w/m	3–30 Days
Absolute return funds (b)	219,456	—	q/sa	60–90 Days
Long/short equity (c)	572	—	N/A	N/A
Private equity funds (d)	275,116	92,234	N/A	N/A
Energy funds (e)	78,350	9,722	N/A	N/A
Real assets (f)	48,103	31,367	N/A	N/A
	<u>\$ 1,006,247</u>	<u>133,323</u>		

* w – weekly, m – monthly, q – quarterly, sa – semiannual, N/A - not applicable

- (a) This class includes investments in funds that primarily invest in U.S. and international listed equity securities.
- (b) The class includes investments in funds that invest in a mix of securities, including equities and fixed income. The funds are primarily multi-strategy in their approach and may include tactics such as risk arbitrage, distressed credit, other long-short strategies, and event-driven strategies with long-short equity and credit exposure. Of this balance, \$31,000 is restricted for the next 13–24 months and \$30,000 is illiquid.
- (c) This category includes investments in funds that primarily invest in U.S. common stocks. Of this class, 100% employ a long-short strategy and are illiquid.
- (d) This class includes investments in private equity funds that invest primarily in private companies at various stages of development and maturity. These include funds pursuing a leverage buyout, growth equity, or venture capital strategy through investments across the capital structure. These investments can never be redeemed with the fund. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the fund will be liquidated over the next 13 years after the commitment date to each individual fund.
- (e) This class includes energy funds that invest primarily in interest of oil and gas properties. The fair value of the investments in the energy funds has been estimated using the net asset value of Boys Town's ownership interest in partners' capital. These investments can never be redeemed with the fund. Distributions from energy funds will be received from the production and marketing of oil and gas and upon final sale of the underlying interest in the properties. It is estimated that the underlying assets of the fund will be liquidated over the next 15 years.

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- (f) This class includes a real estate funds that employs a value-add strategy across multiple property types, including multifamily, office, industrial, and retail. The fair values of the investments in the private equity funds have been estimated using the net asset value of Boys Town's ownership interest in partners' capital. These investments can never be redeemed with the fund. Distributions from the real estate fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 14 years, but this class also includes a perpetual life real estate assets with no set term.

Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of Boys Town's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is, therefore, reasonably possible that, if Boys Town were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant.

(5) Land, Buildings, and Equipment, Net

Land, buildings, and equipment, net as of December 31, 2024 are as follows:

Land	\$	5,688
Buildings		319,596
Equipment		161,166
Construction in process		<u>6,137</u>
		492,587
Less accumulated depreciation		<u>246,234</u>
	\$	<u>246,353</u>

(6) Long-Term Debt, Net

Total notes and bonds payable as of December 31, 2024 are summarized below:

(a) Term refinance, due September 1, 2028	\$	30,090
(b) Term bond, Series 2020, due July 2030		55,930
(c) Term loan, unsecured due, June 17, 2025		789
(d) Term loan, unsecured due, June 17, 2025		<u>290</u>
Total long-term debt		87,099
Unamortized premium		961
Unamortized discounts		<u>(485)</u>
Total long-term debt, net of discounts	\$	<u>87,575</u>

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- (a) In November 2017, Boys Town issued a revenue refunding bond through the Village of Boys Town at a premium of \$1,014 for net proceeds of \$31,104. Unamortized premium at December 31, 2024 is \$374. Interest is payable semiannually at 3% per annum.
- (b) On October 1, 2020, Boys Town issued a revenue refunding bond through the Village whose proceeds will be used for infrastructure improvements and other capital projects. The bond was issued at a premium of \$450 for a net proceeds of \$56,157. Unamortized premium at December 31, 2024 is \$102. Interest is payable semiannually at rates that vary between 2.38% and 3%. Bonds are callable starting July 1, 2030.
- (c) Payable in monthly installments at a rate of 2.0% per annum
- (d) Payable in monthly installments at a rate of 2.0% per annum

Boys Town had an available line of credit totaling \$10,000 as of December 31, 2024, of which none was drawn down.

The following table presents aggregate debt maturities as of December 31, 2024:

2025	\$	1,079
2026		—
2027		—
2028		30,090
2029		—
Thereafter		<u>55,930</u>
Total long-term debt	\$	<u>87,099</u>

(7) Pension Plans

Boys Town sponsors a 401(k) plan and defined-benefit pension plan that together cover substantially all of its employees.

All participants of Boys Town's 401(k) plan receive a match of 100% up to 6% of the participant's contributed salary on a monthly basis. Total employer expense to the 401(k) plan was \$11,292 for the year ended December 31, 2024.

Boys Town sponsored a defined-benefit pension plan for employees who were active as of January 1, 1998. The plan assets are held in a master trust. The benefits are based on the employees' years of service and highest 60-month average compensation. Boys Town's policy is to fund, at a minimum, the net periodic pension cost.

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The following table summarizes the projected benefit obligation, the fair value of plan assets, and the funded status at the measurement date of December 31, 2024:

	Pension benefits
Change in benefit obligation:	
Benefit obligation at beginning of year	\$ 57,627
Service cost	248
Interest cost	2,632
Actuarial loss	(3,635)
Benefits and expenses paid	(5,016)
Settlement	(764)
Benefit obligation at end of year	<u>51,092</u>
Change in plan assets:	
Fair value of plan assets at beginning of year	59,235
Actual return on plan assets	3,005
Employer contribution	53
Benefits and expenses paid	(5,781)
Fair value of plan assets at end of year	<u>56,512</u>
Funded status at end of year	<u>\$ 5,420</u>

The funded status of the plan is reflected in prepaid expenses and other on the consolidated statement of financial position. The accumulated benefit obligation for the defined-benefit pension plan was \$50,720 at December 31, 2024.

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The following table is a summary of the components of net periodic benefit cost prior to settlement and other amounts recognized in the consolidated statement of activities for the year ended December 31, 2024:

		Pension benefits
Service cost	\$	248
Interest cost		2,632
Expected return on plan assets		(3,403)
Amortization of net loss (benefit)		487
Net periodic (benefit) cost		<u>(36)</u>
Net gain		(3,157)
Amortization of gain (loss)		(488)
Adjustment to recognize funded status		(143)
Other changes		<u>(3,788)</u>
Total amounts recognized in the consolidated statement of activities	\$	<u><u>(3,824)</u></u>

The components of net periodic benefit cost other than the service cost component are included in the line item pension-related changes other than service cost on the consolidated statement of activities.

The estimated net loss and prior service cost (credit) that will be amortized from net assets without donor restrictions into net periodic benefit cost in 2025 are as follows:

		Pension benefits
Net loss (benefit)	\$	125
Prior service credit		<u>—</u>
Net amount	\$	<u><u>125</u></u>

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(Dollar amounts in thousands)

Weighted average assumptions used to determine benefit obligations at December 31, 2024 are as follows:

	<u>Employee plan</u>
Discount rate	5.50 %
Expected long-term rate of return on assets	6.00
Rate of compensation increase	3.00

Weighted average assumptions used to determine net periodic cost for the year ended December 31, 2024 are as follows:

	<u>Employee plan</u>
Discount rate	4.90 %
Expected long-term return on plan assets	6.00
Rate of compensation increase	3.00

The expected long-term return on plan assets is based on the asset allocation mix and historical returns, taking into account current and expected market conditions. The actual return (loss) on pension plan assets was approximately 5.3% in 2024. Boys Town's annualized 10-year rate of return on plan assets is approximately 4.4%.

Boys Town's pension plan weighted average asset allocation at December 31, 2024 and target allocation for 2024 are as follows:

	<u>Target allocation 2024</u>	<u>Plan assets at December 31, 2024</u>
Equity securities	22 %	17 %
Fixed income	67	67
Alternative investments	11	16
Total	<u>100 %</u>	<u>100 %</u>

The Boys Town pension committee adopted a liability-driven investment (LDI) approach to managing the pension assets. The goal is to lengthen the duration of the assets to match the longer duration of the liabilities.

The investment strategy for pension plan assets is to maintain a broadly diversified portfolio designed to achieve a target of an average long-term rate of return of 6.0%. Management believes that Boys Town can

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achieve a long-term average rate of return of 6.0% but cannot be certain that the portfolio will perform to expectations. Assets are strategically allocated between several equity asset classes and debt securities in order to achieve a diversification level that mitigates wide swings in investment returns. Asset allocation target ranges are reviewed annually. Actual asset allocations are monitored, and rebalancing actions are executed quarterly, if needed.

Pension investments in securities traded on a national securities exchange were valued at the latest quoted market prices. For alternative investments for which there is no readily determinable price, Boys Town uses the net asset value reported by the underlying fund or partnership as a practical expedient to fair value. Due to the nature of these investments, changes in market conditions and the economic environment may significantly impact the net asset value of the investments and, consequently, the fair value of the Boys Town's interests. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is, therefore, reasonably possible that if Boys Town were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value and the discount could be significant.

The asset allocations of Boys Town's pension plan investments and their level within the fair value hierarchy as of the December 31, 2024 measurement date were as follows:

	Total	Level 1	Level 2	Level 3
Short-term securities	\$ 1,831	1,831	—	—
Long-term investments:				
Mutual funds:				
Equity	4,648	4,648	—	—
Fixed income	36,122	36,122	—	—
International	2,935	2,935	—	—
Investments measured at net asset value ¹	10,976			
Total long-term investments	54,681	43,705	—	—
Total	\$ 56,512	45,536	—	—

¹ Certain investments that are measured at fair value using net asset value per share (or equivalent) as a practical expedient have not been categorized in the fair value hierarchy.

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(Dollar amounts in thousands)

Below is a summary of investments accounted for at net asset value:

	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>* Redemption frequency (if currently eligible)</u>	<u>Redemption notice period</u>
Global equity funds (a)	\$ 5,875	—	daily/m	10–30 Days
Absolute return funds (b)	4,895	—	sa	60 Days
Private equity funds (c)	<u>206</u>	<u>—</u>	N/A	N/A
	<u>\$ 10,976</u>	<u>—</u>		

* m – monthly, sa – semiannual, N/A - not applicable

- (a) This class includes investments in funds that primarily invest in U.S. and international listed equity securities.
- (b) The class includes investments in funds that invest in a mix of securities, including equities and fixed income. The funds are primarily multi-strategy in their approach and may include tactics such as risk arbitrage, distressed credit, and other long-short strategies. Of this class, \$1,100 is restricted for the next 13–14 months and \$600 is illiquid.
- (c) This class includes real estate fund that employ a value-add strategy across multiple property types including multifamily, office, industrial, and retail. It also includes energy funds that invest primarily in interests of oil and gas properties. The fair values of the investments in the real estate funds have been estimated using the net asset value of Boys Town’s ownership interest in partners’ capital. These investments can never be redeemed with the fund. Distributions from real estate funds will be received as the underlying investments of the funds are liquidated, and distributions from energy funds will be received from the production and marketing of oil and gas and upon final sale of the underlying interest in the properties. It is estimated that the underlying assets of the fund will be liquidated over the next 18 months to 2 years.

Boys Town does not expect to make any contributions to the pension plan in 2025.

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(Dollar amounts in thousands)

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid for the years 2025 through 2034:

	<u>Pension benefits</u>
2025	\$ 5,019
2026	5,014
2027	4,901
2028	4,760
2029	4,525
2030–2034	20,496

(8) Net Assets Designated by the Board

Boys Town's governing board has designated, from net assets without donor restrictions, restrictions, \$1,183,499, of net assets for the following purposes as of December 31, 2024:

Bond payments	\$ 46,339
Board-designated endowments:	
Capital infrastructure	51,392
Research	3,522
Fund for Needy Children	<u>1,082,246</u>
Total funds	<u>\$ 1,183,499</u>

BOYS TOWN

Notes to the Consolidated Financial Statements

December 31, 2024

(Dollar amounts in thousands)

(9) Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at December 31, 2024:

Subject to expenditure for specified purpose:		
Education and scholarships	\$	48,595
Specific program activities		8,641
Beneficial interest in assets held in trust		
general operations		8,781
Capital		<u>2,597</u>
		<u>68,614</u>
Subject to passage of time:		
For periods after December 31, 2024		103
Investments in perpetuity to support:		
Operations		98,599
Education and scholarships		4,767
Direct care of children		5,396
Research		<u>5,397</u>
		<u>114,159</u>
Total net assets with donor restrictions	\$	<u>182,876</u>

BOYS TOWN

Notes to the Consolidated Financial Statements

December 31, 2024

(Dollar amounts in thousands)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors for the year ended December 31, 2024 as follows:

Purpose restrictions:		
Operations	\$	815
Capital		32
Specific program activities		2,453
Education and scholarships		4,126
		<u>7,426</u>
Time restrictions expired		116
Release of appropriated endowment amounts with purpose restrictions:		
Specific program activities		6
Education and scholarships		398
		<u>404</u>
Total restrictions released	\$	<u><u>7,946</u></u>

Investment income and earnings on donor-restricted endowments whose investment income and earnings do not have purpose restrictions are considered received and released in the same period.

(10) Endowment

The Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) sets out guidelines to be considered when managing and investing donor-restricted endowment funds.

Boys Town holds endowment funds for support of its programs and operations. As required by generally accepted accounting principles, net assets and the changes therein associated with endowment funds, including funds designated by the board of trustees to function as endowments, and beneficial interest in trust assets are classified and reported based on the existence or absence of donor-imposed restrictions. The funds classified as beneficial interest in trust funds are not under the control of Boys Town, and as such, Boys Town does not appropriate these funds or control their investment policies.

The board of trustees of Boys Town has interpreted NUPMIFA as allowing Boys Town to appropriate for expenditure or accumulate so much of an endowment fund as Boys Town determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, Boys Town classifies as net assets with donor restrictions the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. Interest, dividends, and net appreciation of the donor-restricted endowment funds are classified according to donor stipulations, if any. Absent any donor-imposed restrictions, interest, dividends, and net appreciation of donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Boys Town in a manner consistent with the standard of prudence prescribed by NUPMIFA. In accordance

BOYS TOWN

Notes to the Consolidated Financial Statements

December 31, 2024

(Dollar amounts in thousands)

with NUPMIFA, Boys Town considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the endowment fund
- (2) The purposes of Boys Town and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation or deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of Boys Town
- (7) The investment policy of Boys Town.

Endowment net asset composition by type of fund as of December 31, 2024			
	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ —	36,901	36,901
Board-designated endowment funds	1,137,160	—	1,137,160
Total funds	\$ 1,137,160	36,901	1,174,061

Changes in endowment net assets for the year ended December 31, 2024			
	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 1,089,089	29,451	1,118,540
Investment return:			
Investment income, net of investment expenses	5,218	113	5,331
Net appreciation (realized and unrealized)	96,871	2,154	99,025
Total investment return	102,089	2,267	104,356
Appropriation of endowment assets for expenditure	(54,045)	(797)	(54,842)
Other income	27	—	27
Contributions	—	5,980	5,980
Endowment net assets, end of year	\$ 1,137,160	36,901	1,174,061

BOYS TOWN

Notes to the Consolidated Financial Statements

December 31, 2024

(Dollar amounts in thousands)

(a) Return Objectives and Risk Parameters

Boys Town has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while complying with all donor-imposed restrictions. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce results that exceed inflation plus the long-term spending rate.

(b) Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Boys Town 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). Boys Town targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

(c) Appropriation Policy and How the Investment Objectives Relate to Appropriation Policy

Boys Town preserves the whole dollar value of the original gift as of the gift date of donor-restricted endowments, absent explicit donor stipulations to the contrary. Interest, dividend, and net appreciation of the donor-restricted endowments funds are deemed appropriated for expenditure when earned or when donor-imposed restriction is met.

For board-designated endowment funds, Boys Town appropriates distributions in its annual budget while considering the operations of Boys Town as well as expected investment returns and new endowment contributions. Spending is based on 80% of prior year's spending, adjusted for inflation, plus 20% of 5% of the average market value for the four quarters ended June 30 of the previous fiscal year. Over the long term, spending is expected to average 5% of the endowment's value with a range of 4% to 6%. Boys Town expects to achieve inflation-adjusted growth of its endowment assets from the total return on investments. Boys Town has a policy that does not permit spending from underwater donor-restricted endowment funds.

(d) Appropriation of Board-Designated Endowment Assets

For 2025, Boys Town has budgeted to appropriate \$54,751 of its board-designated endowment assets to be distributed for spending, consistent with Boys Town's spending rule described above.

(e) 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 NUPMIFA requires to be retained as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. As of December 31, 2024, no funds were "underwater."

(11) Leases

Boys Town is a lessee in several noncancelable operating leases, primarily for office space and finance leases for certain office equipment. The operating leases expire through 2033; however, many of the

BOYS TOWN

Notes to the Consolidated Financial Statements

December 31, 2024

(Dollar amounts in thousands)

leases contain renewal options. None of these renewal options were included in the valuation of the ROU and lease liabilities since they were not considered reasonably certain.

The components of lease cost for the year ended December 31, 2024 were \$2,131. As of December 31, 2024, ROU asset, net for operating leases was \$6,084 included in prepaid expenses and other on the consolidated statement of financial position.

Maturities of lease liabilities under noncancelable leases as of December 31, 2024 are as follows:

	Operating leases
2025	\$ 1,569
2026	1,269
2027	1,023
2028	687
2029	698
Thereafter	<u>1,062</u>
Total undiscounted lease payments	6,308
Less imputed interest	<u>(233)</u>
Total lease liabilities	<u>\$ 6,075</u>

Boys Town has leases that had not yet commenced as of December 31, 2024. None of these leases create significant rights and obligations.

(12) Commitments and Contingencies

Boys Town is a defendant in a number of lawsuits incidental to its operations. In the opinion of management, the outcome of such lawsuits will not have a materially adverse effect on Boys Town's consolidated financial position or its activities.

(13) Subsequent Events

Boys Town has evaluated subsequent events from the consolidated statement of financial position date through May 30, 2025, the date at which the consolidated financial statements were issued, and determined there are no other items to disclose.



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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

The Board of Trustees
Father Flanagan's Boys' Home

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 consolidated financial statements of Father Flanagan's Boys' Home d/b/a Boys Town (the Organization), which comprise the Organization's consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 30, 2025.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 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 the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of This Report

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

KPMG LLP

Omaha, Nebraska
May 30, 2025

BOYS TOWN
 Schedule of Expenditures of Federal Awards and State Financial Assistance
 Year ended December 31, 2024

Federal grantor agency	Program title	Subgrantor	Pass-through funds Program number	ALN/ CSFA number	Federal expenditures	State expenditures	Federal expenditures to subrecipients
Research and Development Cluster:							
U.S. Department of Health and Human Services – Direct Grants:							
NIEHS	Environmental Health			93.113	186,248	—	—
NIDCD	Research Related to Deafness and Communication Disorders			93.173	6,560,281	—	946,598
NIMH	Mental Health Research Grants			93.242	2,033,923	—	155,560
NIDA	Drug Use and Addiction Research Programs			93.279	1,890,705	—	215,194
NINDS	Extramural Research Programs in the Neurosciences and Neurological			93.953	86,921	—	—
NIGMS	Biomedical Research and Research Training			93.859	3,146,300	—	23,284
NICHD	Child Health and Human Development Extramural Research			93.865	1,305,411	—	22,354
NIA	Aging Research			93.866	42,639	—	—
U.S. Department of Health and Human Services – Pass-Through Grants:							
HRSA	Maternal and Child Health Federal and Communication Disorders	University of Pittsburgh	AWD00004669 (139282-1)	93.110	7,089	—	—
NIDCD	Research Related to Deafness and Communication Disorders	Case Western Reserve University	RES601073, RES602888	93.173	6,153	—	—
NIDCD	Research Related to Deafness and Communication Disorders	Central Michigan University	F65487	93.173	20,740	—	—
NIDCD	Research Related to Deafness and Communication Disorders	Oregon Health & Science University	1017463_BOYSTOWN	93.173	174,727	—	—
NIDCD	Research Related to Deafness and Communication Disorders	Purdue University	11001130-016	93.173	5,867	—	—
NIDCD	Research Related to Deafness and Communication Disorders	University of Colorado	FY24 1039 905	93.173	176,582	—	—
NIDCD	Research Related to Deafness and Communication Disorders	University of Iowa	S02741-01	93.173	258,454	—	—
NIDCD	Research Related to Deafness and Communication Disorders	The Board of Trustees of the University of Illinois	105235-18633	93.173	66,202	—	—
NIDA	Drug Use and Addiction Research Programs	The Board of Regents of the University of Nebraska on behalf of the University of Nebraska Medical Center	34-5410-2011-001	93.279	25,995	—	—
NIGMS	Biomedical Research and Research Training	The Board of Regents of the University of Nebraska on behalf of the University of Nebraska Medical Center	34-5250-2040-151, 34-5250-2043-151, 34-5250-2036-746, 34-5250-2040-749, 34-5250-2040-757, 34-5250-2043-757	93.859	28,172	—	—
NICHD	Child Health and Human Development Extramural Research	The Board of Trustees of the University of Illinois	20003	93.865	103,899	—	—
	Total Department of Health and Human Services Research and Development Grants				16,126,208	—	1,362,990
Other Research and Development Direct Grants and Pass-Through Grants:							
DOD	Military Medical Research and Development			12.420	253,189	—	43,383
DED	Full Service Community Schools Program	Communities in Schools Nevada Department of Education	FS1010	84.215J	55,098	—	—
DED	Education Research, Development and Dissemination	Iowa State University	4321705A	84.305A	17,890	—	—
	Total Other Research and Development Direct and Pass-Through Grants				326,177	—	43,383
	Total Research and Development Cluster				16,452,385	—	1,406,373
Child Welfare:							
U.S. Department of Health and Human Services – Pass-Through Grants:							
DHHS	Title IV-E Prevention Program	Iowa Department of Human Services Des Moines, Iowa		93.472	159,217	—	—
DHHS	MaryLee Allen Promoting Safe and Stable Families	Communities Connected for Kids Port St. Luice, Florida		93.556	49,026	—	—
		Iowa Department of Human Services Des Moines, Iowa		93.556	23	—	—
		NWF Health Network Tallahassee, Florida		93.556	46,874	—	—
	Total MaryLee Allen Promoting Safe and Stable Families				95,923	—	—
DHHS	Community-Based Child Abuse Prevention Grants	Nevada Department of Health and Human Services Carson City, Nevada		93.590	84,277	—	—
		State of Florida Department of Children and Families Tallahassee, Florida	LJ266, LJ267, LJ268	93.590	129,798	—	—
	Total Community-Based Child Abuse Prevention Grants				214,075	—	—
DHHS	Stephanie Tubbs Jones Child Welfare Services Program	Iowa Department of Human Services Des Moines, Iowa		93.645	25,367	—	—
DHHS	Foster Care Title IV-E	Childnet, West Palm Beach, Florida		93.658	78,296	—	—
		Communities Connected for Kids Port St. Luice, Florida		93.658	169,627	—	—
		Embrace Families Orlando, Florida		93.658	75,528	—	—
		Family Partnership of Central Florida Maitland, Florida		93.658	213,142	—	—
		Heartland for Children Bartow, Florida		93.658	15,612	—	—
		Iowa Department of Human Services Des Moines, Iowa		93.658	177,876	—	—
		Nebraska Department of Health and Human Services Lincoln, Nebraska	G2501NEFOST, 2401NEFOST, G2301NEFOST	93.658	312,149	—	—
		NWF Health Network Tallahassee, Florida		93.658	363,881	—	—
	Total Foster Care Title IV-E				1,406,111	—	—
DHHS	Social Services Block Grant	Children's Network of Southwest Florida Fort Myers, Florida		93.667	109,193	—	—
		Embrace Families Orlando, Florida		93.667	57,059	—	—
		Family Partnership of Central Florida Maitland, Florida		93.667	161,021	—	—
		Heartland for Children Bartow, Florida		93.667	6,543	—	—
		Iowa Department of Human Services Des Moines, Iowa		93.667	230,322	—	—
		NWF Health Network Tallahassee, Florida		93.667	187,319	—	—
	Total Social Services Block Grant				751,457	—	—

BOYS TOWN

Schedule of Expenditures of Federal Awards and State Financial Assistance
Year ended December 31, 2024

Federal grantor agency	Program title	Pass-through funds		ALN/ CSFA number	Federal expenditures	State expenditures	Federal expenditures to subrecipients
		Subgrantor	Program number				
DHHS	Child Abuse and Neglect State Grants	NWF Health Network Tallahassee, Florida		93.669	19,301	—	—
DHHS	Block Grants for Community Mental Health Services	NWF Health Network Tallahassee, Florida Southeast Florida Behavioral Health Network Jupiter, Florida		93.958	41,751	—	—
	Total Block Grants for Community Mental Health Services			93.958	55,346	—	—
					97,097	—	—
State of Florida – Project Funding:							
	Out of Home Supports – CSFA 60.074	Childnet, West Palm Beach, Florida NWF Health Network Tallahassee, Florida		60.074	—	303,153	—
	Total Out of Home Supports – CSFA 60.074			60.074	—	684,491	—
	Extended Foster Care Program - CSFA 60.141	Communities Connected for Kids Port St. Lucie, FL		60.141	—	263,467	—
	CBC-Purchase Therapeutic Services for Children. – CSFA 60.183	NWF Health Network Tallahassee, Florida		60.183	—	421,278	—
	The Ounce of Prevention Fund of Florida, Inc. – CSFA 64.035	Ounce of Prevention Tallahassee, Florida		64.035	—	48,656	—
	Children and Families in Need of Services – CSFA 80.005	Florida Network of Youth and Family Services Tallahassee, Florida		80.005	—	753,703	—
	Total Child Welfare				2,788,548	2,474,748	—
Other Federal Awards:							
Child Nutrition Cluster:							
U.S. Department of Agriculture – Pass-Through Grants:							
USDA	School Breakfast Program	Nebraska Department of Education	28-0703	10.553	82,845	—	—
USDA	National School Lunch Program	Nebraska Department of Education	28-0703	10.555	398,908	—	—
USDA	National School Lunch Program (Food Donation)	Nebraska Health and Human Services	28-0703	10.555	30,685	—	—
USDA	National School Lunch Program Supply Chain Assistance	Nebraska Department of Education	23-4210-01-00-028-0703	10.555	11,379	—	—
	Total National School Lunch Program				440,972	—	—
	Total Child Nutrition Cluster				523,817	—	—
USDA	Child Nutrition Discretionary Grants Limited Availability	Nebraska Department of Education	24-4210-00-28-0703	10.579	29,340	—	—
	Total U.S. Department of Agriculture				553,157	—	—
U.S. Department of Education – Pass-Through Grants:							
DED	Title I Grants to Local Educational Agencies	Omaha Public Schools / Nebraska Department of Education		84.010	43,000	—	—
	Total U.S. Department of Education				43,000	—	—
Other Federal Awards – Direct Grants:							
DHHS-ACF	Congressional Directives			93.493	870,619	—	—
DHHS-ACF	Head Start			93.600	3,575,493	—	—
DHHS-ACF	Basic Center Grant			93.623	209,689	—	—
	Total Other Federal Awards – Direct Grants				4,655,801	—	—
Other Federal Awards – Pass-Through Grants:							
DOT	Coronavirus State and Local Fiscal Recovery Funds	The Board of Regents of the University of Nebraska on behalf of the University of Nebraska Medical Center	36-0130-3005-205	21.027	113	—	—
	Total Other Federal Awards – Pass-Through Grants				113	—	—
	Total Federal Awards and State Financial Assistance				24,473,004	2,474,748	1,406,373

Abbreviations legend:

ACF	Administration for Children and Families
DED	Department of Education
DHHS	Department of Health and Human Services
DOD	Department of Defense
DOT	Department of the Treasury
HRSA	Health Resources and Services Administration
NIA	National Institute on Aging
NICHD	National Institute of Child Health and Human Development
NIDA	National Institute on Drug Abuse
NIDCD	National Institute of Deafness & Other Communication Disorders
NIHES	National Institutes of Environmental Health Sciences
NIGMS	National Institute of General Medical Sciences
NIMH	National Institute of Mental Health
NINDS	National Institute of Neurological Disorders and Stroke
USDA	United States Department of Agriculture

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

BOYS TOWN

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

December 31, 2024

(1) Summary of Significant Accounting Policies

(a) *Basis of Presentation*

The accompanying schedule of expenditures of federal awards and state financial assistance has been prepared on the accrual basis of accounting and includes the federal and state grant activity of Boys Town and its consolidated subsidiaries, as presented in its consolidated financial statements. Under this method, expenditures are recognized when incurred. Expenditures are subject to audit by the granting agency and, in the opinion of management, disallowed costs, if any, will not have a material effect on Boys Town's federal programs and state projects.

(b) *Direct and Indirect Federal Award Expenditures*

Federal award expenditures consist of direct and indirect costs. Direct costs are those that can be easily identified with an individual, federally sponsored project. The salary of a principal investigator of a sponsored research project and the materials consumed by the project are examples of direct costs.

Unlike direct costs, indirect costs cannot easily be identified with an individual federally sponsored project. Indirect costs are the costs of services and resources that benefit both sponsored and nonsponsored projects and activities. Indirect costs consist of expenses incurred for administration, maintenance, debt, and building and equipment depreciation. Boys Town and federal agencies use an indirect cost rate to charge indirect costs to individual federally sponsored projects. Boys Town has provisional rates for organized research and other sponsored activities that have been approved by the U.S. Department of Health and Human Services. When specifically stated in respective grant agreements, lower facilities and administrative cost rates were used. Boys Town has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

(c) *Child Welfare Expenditures*

Child Welfare expenditures represent contracts with states and placement agencies to provide services to at-risk youth and their families. Boys Town has been determined to be a subrecipient under these arrangements by the granting agency. Expenditures reported within the schedule represent the percentage of the contract funded by the specific federal program as communicated by the granting agency.



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Independent Auditors' Report on Compliance for Each Major Federal Program and Major State Project; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and the State of Florida Chapter 10.650, Rules of Auditor General Florida Single Audit Act

The Board of Trustees
Father Flanagan's Boys' Home:

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

Opinion on Each Major Federal Program and Major State Project

We have audited Father Flanagan's Boys' Home d/b/a Boys Town's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the State of Florida *State Projects Compliance Supplement* that could have a direct and material effect on each of Organization's major federal programs and major state projects for the year ended December 31, 2024. The Organization's major federal programs and major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the year ended December 31, 2024.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 Auditor General Florida Single Audit Act* (Florida Single Audit Act). Our responsibilities under those standards, Uniform Guidance, and the Florida Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and major state project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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



Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, Uniform Guidance, and the Florida Single Audit Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program and major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the Florida Single Audit Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Florida Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state 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 major 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 Auditors' 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 the Florida Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and the Florida Single Audit Act

We have audited the consolidated financial statements of the Organization as of and for the year ended December 31, 2024, and have issued our report thereon dated May 30, 2025, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Guidance and the Florida Single Audit Act and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Omaha, Nebraska
September 29, 2025

BOYS TOWN

Schedule of Findings and Questioned Costs

Year ended December 31, 2024

(1) Summary of Auditors' Results

- (a) Type of report issued on whether the consolidated financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the consolidated financial statements:
 - Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- (c) Noncompliance, which is material to the consolidated financial statements: **No**
- (d) Internal control deficiencies over major programs and major state projects disclosed by the audit:
 - Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- (e) The type of report issued on compliance for major programs: **Unmodified**
- (f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a) or State of Florida Auditor General Rule 10.650: **No**
- (g) Major federal programs and major state projects:

Federal:

Program title	AL number
Social Services Block Grant	93.667
Congressional Directives	93.493
Head Start	93.600

State of Florida:

Program title	CSFA number
Children and Families in Need of Service	80.005
Out of Home Supports	60.074

- (h) Dollar threshold used to distinguish between Type A and Type B programs under the Uniform Guidance: \$750,000. A threshold of \$742,424 was used to distinguish between Type A and Type B for major state projects.
- (i) Auditee qualified as a low-risk auditee: **Yes**

BOYS TOWN

Schedule of Findings and Questioned Costs

Year ended December 31, 2024

**(2) Findings Relating to the Consolidated Financial Statements Reported in Accordance with
*Government Auditing Standards***

None

(3) Findings and Questioned Costs Relating to Federal and State Awards

None

Uniform Guidance Single Audit For the Year Ended December 31, 2024

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Reference	Contact	Status
Finding 2023-001 Effort Reporting	Cheri Sash, Director Grants and Financial Contract Compliance 531.355.3147 Cheri.Sash@boystown.org	Corrected. Implemented process for certifications to occur in accordance with policies.

