

Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate

**Consolidated Financial Statements with
Supplementary Information and Compliance Reports
December 31, 2024**



Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate

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Independent Auditors' Report

To the Board of Directors of
Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate (nonprofit organizations) (collectively, the Organization), which comprise the consolidated statements 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of 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 accounting principles generally accepted in the United States of America (GAAP).

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 Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Affiliate were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance to GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the 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 within one year after the date that the consolidated financial statements are available to be 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, including omissions, 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 accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purpose 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 supplemental 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 July 21, 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.



A Limited Liability Partnership

Arlington, Texas
July 21, 2025

Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate
Consolidated Statement of Financial Position
December 31, 2024

	Assets		
	Club	Foundation	Total
Current assets:			
Cash and cash equivalents	\$ 1,450,605	\$ 13,711	\$ 1,464,316
Certificates of deposit	5,383,430	-	5,383,430
Contributions receivable	78,007	-	78,007
ERC receivable	800,532	-	800,532
Grants receivable	1,728,212	-	1,728,212
Intercompany balances	54,436	(54,436)	-
Prepaid expenses	621,078	4,326	625,404
Total current assets	10,116,300	(36,399)	10,079,901
Noncurrent assets:			
Property and equipment, net	8,667,026	-	8,667,026
Right-of-use assets - operating leases, net	28,685	-	28,685
Total noncurrent assets	8,695,711	-	8,695,711
Assets restricted for endowment:			
Assets held for long-term investment	-	15,835,234	15,835,234
Beneficial interest in perpetual trust	17,294,891	-	17,294,891
Cash	535,056	-	535,056
Total assets restricted for endowment	17,829,947	15,835,234	33,665,181
Total assets	\$ 36,641,958	\$ 15,798,835	\$ 52,440,793
	Liabilities and Net Assets		
Current liabilities:			
Accounts payable	\$ 408,242	\$ -	\$ 408,242
Accrued expenses	438,831	-	438,831
Deferred revenue	51,000	-	51,000
Right-of-use liabilities - operating leases, current	11,722	-	11,722
Total current liabilities	909,795	-	909,795
Noncurrent liabilities:			
Right-of-use liabilities - operating leases, net	16,801	-	16,801
Total liabilities	926,596	-	926,596
Net assets:			
Without donor restrictions	16,890,577	4,089,762	20,980,339
With donor restrictions	18,824,785	11,709,073	30,533,858
Total net assets	35,715,362	15,798,835	51,514,197
Total liabilities and net assets	\$ 36,641,958	\$ 15,798,835	\$ 52,440,793

See notes to the consolidated financial statements.

Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate
Consolidated Statement of Activities
Year Ended December 31, 2024

	Club			Foundation			Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue and support:							
Program fees	\$ 794,055	\$ -	\$ 794,055	\$ -	\$ -	\$ -	\$ 794,055
Contributions of financial assets	3,361,026	476,437	3,837,463	-	-	-	3,837,463
Contributions of nonfinancial assets	865,719	-	865,719	-	-	-	865,719
Grant support	8,532,313	-	8,532,313	-	-	-	8,532,313
Special events (net of direct costs of \$258,304)	443,432	-	443,432	-	-	-	443,432
Membership dues	72,065	-	72,065	-	-	-	72,065
Miscellaneous	293,872	-	293,872	-	-	-	293,872
Net assets released from restrictions	60,941	(60,941)	-	135,425	(135,425)	-	-
Total revenue and support	14,423,423	415,496	14,838,919	135,425	(135,425)	-	14,838,919
Operating expenses:							
Program services	12,585,651	-	12,585,651	-	-	-	12,585,651
Supporting services:							
General and administrative	3,326,570	-	3,326,570	135,605	-	135,605	3,462,175
Fundraising	947,763	-	947,763	-	-	-	947,763
Total operating expenses	16,859,984	-	16,859,984	135,605	-	135,605	16,995,589
Non-operating gains and other income:							
Investment income, net	2,397,748	185,034	2,582,782	-	2,117,262	2,117,262	4,700,044
Interest income	289,277	-	289,277	-	-	-	289,277
Total non-operating gains and other income	2,687,025	185,034	2,872,059	-	2,117,262	2,117,262	4,989,321
Change in net assets	250,464	600,530	850,994	(180)	1,981,837	1,981,657	2,832,651
Net assets at beginning of year	16,640,113	18,224,255	34,864,368	4,089,942	9,727,236	13,817,178	48,681,546
Net assets at end of year	\$ 16,890,577	\$ 18,824,785	\$ 35,715,362	\$ 4,089,762	\$ 11,709,073	\$ 15,798,835	\$ 51,514,197

See notes to the consolidated financial statements.

Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate
Consolidated Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services						Supporting Services			Total Expenses
	Schools	Branches	Mobile Programs	Special Programs	Food Service	Total	General and Administrative	Fundraising	Total	
Salaries	\$ 788,644	\$ 2,122,342	\$ 474,799	\$ 2,752,014	\$ 297,678	\$ 6,435,477	\$ 1,573,479	\$ 597,759	\$ 2,171,238	\$ 8,606,715
Payroll taxes	56,740	157,724	35,339	204,295	22,765	476,863	157,922	42,954	200,876	677,739
Employee benefits	110,474	217,566	83,150	466,804	48,289	926,283	198,186	62,139	260,325	1,186,608
Total payroll related expense	955,858	2,497,632	593,288	3,423,113	368,732	7,838,623	1,929,587	702,852	2,632,439	10,471,062
Communications	17,143	47,241	4,943	47,170	2,149	118,646	21,389	6,915	28,304	146,950
Depreciation	-	-	-	-	-	-	880,452	-	880,452	880,452
Donated food	-	-	-	-	167,488	167,488	-	4,805	4,805	172,293
Insurance	3,281	136,913	908	46,301	5,312	192,715	17,663	-	17,663	210,378
Marketing and printing	-	62	-	501	-	563	492	20,105	20,597	21,160
Membership dues and subscriptions	5,866	4,864	3,222	8,810	557	23,319	15,092	3,110	18,202	41,521
Miscellaneous	9,223	3,969	40	4,754	73	18,059	13,815	8,427	22,242	40,301
Occupancy	8,969	1,295,468	32,508	180,552	27,777	1,545,274	100,290	3,985	104,275	1,649,549
Postage and shipping	121	276	-	66	100	563	1,815	828	2,643	3,206
Professional fees	49,552	219,520	14,964	138,683	12,912	435,631	213,531	84,844	298,375	734,006
Scholarships, awards and grants	-	177,577	-	65,589	-	243,166	90,204	-	90,204	333,370
Special events	-	-	-	-	-	-	-	258,304	258,304	258,304
Supplies and repairs	12,625	309,648	44,528	426,449	439,240	1,232,490	108,307	97,793	206,100	1,438,590
Transportation and training	14,219	219,305	38,631	479,927	17,032	769,114	69,538	14,099	83,637	852,751
Total expenses by function	1,076,857	4,912,475	733,032	4,821,915	1,041,372	12,585,651	3,462,175	1,206,067	4,668,242	17,253,893
Less expenses not included in operating expenses on the consolidated statement of activities										
Direct costs of special events	-	-	-	-	-	-	-	(258,304)	(258,304)	(258,304)
Total operating expenses included in the expense section on the consolidated statement of activities	\$ 1,076,857	\$ 4,912,475	\$ 733,032	\$ 4,821,915	\$ 1,041,372	\$ 12,585,651	\$ 3,462,175	\$ 947,763	\$ 4,409,938	\$ 16,995,589

See notes to the consolidated financial statements.

Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate

Consolidated Statement of Cash Flows

Year Ended December 31, 2024

	Club	Foundation	Consolidated Total
Cash flows from operating activities:			
Change in net assets	\$ 850,994	\$ 1,981,657	\$ 2,832,651
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:			
Amortization of right-of-use assets	10,529	-	10,529
Depreciation	880,452	-	880,452
Net unrealized gains on investments	(7,822)	(2,032,143)	(2,039,965)
Donated vehicle	(74,905)	-	(74,905)
Change in beneficial interest in assets held by others	(167,709)	-	(167,709)
Changes in assets and liabilities:			
Accounts receivable	3,159	-	3,159
Contributions receivable	71,993	-	71,993
ERC receivable	(159,213)	-	(159,213)
Grants receivable	(847,019)	-	(847,019)
Intercompany balances	(8,321)	8,321	-
Prepaid expenses	(352,664)	(12)	(352,676)
Accounts payable	324,819	(1)	324,818
Accrued expenses	84,832	-	84,832
Deferred revenue	47,800	-	47,800
Operating lease liabilities	(10,379)	-	(10,379)
Net cash provided (used) by operating activities	646,546	(42,178)	604,368
Cash flows from investing activities:			
Purchases of property and equipment	(1,496,514)	-	(1,496,514)
Purchases of investments	(667)	(165,342)	(166,009)
Purchases of certificates of deposit	(268,821)	-	(268,821)
Proceeds from sales of investments	192,567	207,520	400,087
Net cash provided (used) by investing activities	(1,573,435)	42,178	(1,531,257)
Change in cash and cash equivalents	(926,889)	-	(926,889)
Cash and cash equivalents at beginning of year	2,912,550	13,711	2,926,261
Cash and cash equivalents at end of year	\$ 1,985,661	\$ 13,711	\$ 1,999,372
Reconciliation of cash and restricted cash reported within the consolidated statement of financial position to the consolidated statement of cash flows:			
Cash and cash equivalents	\$ 1,450,605	\$ -	\$ 1,450,605
Cash for endowment	535,056	-	535,056
Total cash and cash equivalents and restricted cash shown in the consolidated statement of cash flows	\$ 1,985,661	\$ -	\$ 1,985,661
Noncash investing and financing activity:			

During the year ended December 31, 2024, the Organization received a donated vehicle totaling \$74,905.

See notes to financial statements.

Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate

Notes to Consolidated Financial Statements

1. Organization

The Boys & Girls Clubs of Greater Tarrant County, Inc. (Club) is a Texas nonprofit corporation incorporated in the State of Texas for the purpose of enhancing the quality of life for the youth of Greater Tarrant County by providing a diversity of quality programs in the areas of character and leadership development, education and career development, health and life skills, sport fitness, recreation and the arts.

2. Summary of Significant Accounting Policies

Consolidated Financial Statements

In accordance with the provisions of FASB ASC 958-810 *Not-for-Profit Entities/Consolidations*, the financial statements of the Club and the Foundation have been consolidated and all inter-organization transactions and accounts have been eliminated.

Basis of Accounting

The Organization prepares the consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Consolidated Financial Statement Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Net assets with donor restrictions - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board of directors approved spending policy.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose

Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate

Notes to Consolidated Financial Statements

has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Net assets with donor restrictions that expire in the same year in which the net assets are recorded are recorded as support without donor restrictions on the statement of activities. In the absence of donor restrictions to the contrary, restrictions on contributions of property or on assets restricted to the acquisition or construction of property expire when the property is placed in service.

Financial Instruments and Credit and Market Risk Concentrations

Financial instruments, which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents, grants receivable, certificates of deposit, pledges receivable and investments in marketable securities. Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization had uninsured cash balances of \$887,273 as of December 31, 2024. Grants and contributions receivable are unsecured and are due from various members, donors and governmental agencies.

As of December 31, 2024, 100% of contributions receivable are due from 2 donors and 74% of grants receivable are due from 3 grantors. During the year ended December 31, 2024 and 34% of government grant revenue is from 2 grantors and 50% of contributed nonfinancial assets from 2 donors.

The Organization's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to the Organization's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of the investments could occur in the near term and such changes could materially affect the amounts reported in the consolidated financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Certificates of Deposit

The Organization had certificates of deposit totaling \$5,383,430 at December 31, 2024. The certificates bear interest ranging from 3.97% to 4.69% and mature through August 2025. Any penalties for early withdrawal would not have a material effect on the consolidated financial statements.

Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate

Notes to Consolidated Financial Statements

Grant and Contribution Receivable

Grants receivable represent government grant receivables and other amounts billed and uncollected at year-end. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of individual accounts. Contributions are recognized as received or unconditionally pledged. Contributions receivable are recorded net of allowance for doubtful accounts and discounts on long-term receivables. All contributions are expected to be fully collected within one year. Receivables are considered past due based on how recently payments have been received. The primary factors considered in determining the amount of the allowance are collection history, the aging of the accounts, and other specific information known to management that may affect collectability. Uncollectible amounts are written off when they have been identified. Based on past experience and analysis of current receivable collectability, the Organization had no allowance for doubtful accounts as of December 31, 2024, for these receivables.

ERC Receivable

The Organization's ERC receivable consists of the Employee Retention Credit owed to the Organization pursuant to the Coronavirus Aid, Relief and Economic Security Act of 2020.

Investments

At December 31, 2024, the Organization's investments in marketable securities consist of cash equivalents, equities and fixed income mutual funds and are stated at fair value in the consolidated statement of financial position. Interest, dividends and realized and unrealized gains and losses are reported in the consolidated statements of activities as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

Property and Equipment

Property and equipment purchased by the Organization are recorded at cost or if acquired by gift, fair market value at the date of the gift. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$5,000; the fair value of donated property and equipment is similarly capitalized. Depreciation is calculated using the straight-line method based upon the estimated useful lives of 5 to 39 years for buildings and improvements and 3 to 10 years for vehicles, furniture, fixtures and equipment. Leasehold improvements are depreciated at the lesser of lease term or asset life.

Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate

Notes to Consolidated Financial Statements

Impairment of Long-Lived Assets

Management of the Organization periodically reviews the carrying value of its long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized to the extent fair value of a long-lived asset is less than the carrying amount. Fair value is determined based on the estimated future cash inflows attributable to the asset less estimated future cash outflows. No such loss was recognized during the year ended December 31, 2024.

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Program fees are recognized as revenue when the contracted services are performed. Amounts collected in advance of the service being performed are recorded as deferred revenue.

Event sponsorship revenue is recognized at the date the event occurs. Advanced payments for the event sponsorships are reported as deferred revenue until the date of the event.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position.

As of December 31, 2024, the Organization has approximately \$8,257,356 of conditional grants from various government agencies awarded but not expended. The grants will be recognized as revenue when the conditions, which include performance of allowable activities and incurring allowable expenses, are met.

The Organization receives grants and contracts from federal and state agencies, as well as private organizations, to be used for specific programs. For government grants and contracts, the excess of reimbursable expenditures over cash receipts is included in grants receivable.

Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate

Notes to Consolidated Financial Statements

The Organization's costs incurred under its government grants and contracts are subject to audit by government agencies. Management believes that disallowance of costs, if any, would not be material to the financial position or changes in net assets of the Organization.

Donated materials, meals, rent and professional services are recorded as contributions of nonfinancial assets at the estimated fair value on the date of receipt. The Organization only recognizes donated services which create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have donated significant amounts of time to the Organization, its programs and its fundraising campaigns; however, these services do not meet the criteria for consolidated financial statement recognition. No amounts have been reflected in the accompanying consolidated statement of activities for volunteer services for the year ended December 31, 2024.

Federal Income Tax

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (IRC) and has not been classified as a private foundation as defined in the IRC. Income generated from activities unrelated to the Organization's exempt purposes is subject to tax under IRC Section 511. The Organization had no unrelated business income for the year ended December 31, 2024. Accordingly, no provision has been made for federal income tax in the accompanying consolidated financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax return and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2024, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

Allocation of Functional Expenses

The costs of providing the programs and activities of the Organization have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among program services and supporting services. Additionally, in some cases, expenses are incurred which support the work performed under more than one program. Such expenses are allocated among various programs on the basis which appears most reasonable.

Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate

Notes to Consolidated Financial Statements

Expenses are primarily charged to program and supporting services on the basis of payroll and related expenses. Personnel expenses are allocated based on estimates of time and effort for program expenses, and are allocated to programs from management and general expenses based on the grant in which the employee works. Occupancy (including rent, utilities, care of the building, commercial insurance, and lawn care), technology, office supplies, printing, postage, telephone and insurance expenses are allocated based on the department or personnel utilizing the service or space.

Estimates and Assumptions

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

3. Assets Held for Long-Term Investment

Assets held for long-term investment for the Foundation consist of the following at December 31, 2024:

	Fair Value	Cost
Cash and cash equivalents	\$ 313,661	\$ 662,481
Fixed income	3,223,545	4,281,642
Equity investments	12,298,028	7,370,796
	<u>\$ 15,835,234</u>	<u>\$ 12,314,919</u>

4. Endowment

The Organization's endowment funds consist of exchange-traded funds, mutual funds, equities, fixed income, cash and cash equivalents and mineral interests. These funds consist of contributions made to establish an endowment, the earnings from which are to be used to support the Club's operations and maintenance of facilities. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization has interpreted the Texas Uniform Prudent Management of Institutional Funds Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restriction (a)

Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate

Notes to Consolidated Financial Statements

the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Composition and Activity of Endowment Funds

The Club's endowment net assets, all of which are donor restricted, and changes in net assets thereof as of and for the year ended December 31, 2024 are as follows:

	With Donor Restriction
Balance, beginning of year	\$ 17,645,717
Investment income, net	184,230
Balance, end of year	<u>\$ 17,829,947</u>

The Foundation's endowment net assets, all of which are donor restricted, and changes in net assets thereof as of and for the year ended December 31, 2024 are as follows:

	With Donor Restrictions
Balance, beginning of year	\$ 9,727,236
Investment income, net	2,197,485
Appropriation of endowment assets for expenditures	(215,648)
Balance, end of year	<u>\$ 11,709,073</u>

Return Objectives and Risk Parameters

The endowment's overall return objective is to enhance the Organization's portfolio through capital appreciation and reinvestment income. This objective can be met over time only if the purchasing power of the investment portfolio is increased on a real dollar basis. The total real rate of return goal of the portfolio is a premium of four percent over the rate of inflation as measured by the Consumer Price Index over a five-year time horizon. It is also expected that the portfolio's return will compare favorably with portfolios that have similar objectives and asset allocation. The volatility of returns on equity investments should be, but not limited to, those of the overall stock market.

Strategies Employed for Achieving Objectives

In order to meet the objectives for capital growth, the equity exposure of the consolidated portfolios shall not exceed eighty percent (80%) of the portfolio at fair value, but shall make up no less than sixty percent (60%) of the portfolio at fair value. Securities convertible into equity shall be included as equities. Secondly, the fixed income component of the portfolio (excluding cash equivalents) shall not exceed seventy percent (70%) of the portfolio at fair value, but shall

Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate

Notes to Consolidated Financial Statements

make up no less than twenty percent (20%) of the portfolio at fair value. Cash equivalents shall not exceed twenty percent (20%) of the portfolio at fair value, but shall make up no less than two percent (2%) of the portfolio at fair value.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Club has a significant investment in a beneficial interest in a perpetual trust, included as part of the endowment, under which distributions are made by an independent trustee. The distributions on the remaining investments are made at the discretion of the Board of Directors. The Foundation distributes the earnings from the investments at their discretion limited by donor restrictions.

5. Investments

Under the Fair Value Measurements and Disclosures topic of the Codification, ASC 820, disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

Level 1	Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;
Level 2	Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies;
Level 3	Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

Equity Securities and Mutual Funds

These investments are public investment vehicles valued using the net asset value (NAV) provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market and classified within level 1 of the valuation hierarchy.

Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate

Notes to Consolidated Financial Statements

Cash Equivalents

Cash equivalents are valued using a NAV of \$1.

Fixed Income

Fixed income investments are valued based on quoted prices for investments with similar yields and bond ratings and based on quoted prices in active markets and are classified within level 2 of the valuation hierarchy. Fixed income includes corporate bonds, bond mutual funds, municipal bonds and mortgage backed securities, including both domestic and foreign.

Beneficial Interest in Perpetual Trust

Beneficial interest in perpetual trust is made up of investments the Trust holds for the benefit of the Organization. The fair value of the Organization's beneficial interest in assets held by others is based on the value of the Organization's portion of the underlying investments in the Trust using valuation methods that are appropriate for those investments as determined by the trustee. The valuation of the Organization's beneficial interest in assets held by others is classified as level 3 of the valuation hierarchy.

The Club and Foundation may have risks associated with its concentration of investments. The following summarizes the Club and Foundation's investments using the fair value hierarchy by type of investment and market strategy representing identified risks to the portfolio at December 31, 2024:

	Level 1	Level 2	Level 3	Total
Club				
Certificate of deposits	\$ 5,383,430	\$ -	\$ -	\$ 5,383,430
Beneficial interest in perpetual trust	-	-	17,294,891	17,294,891
Total investments in fair value hierarchy	<u>\$ 5,383,430</u>	<u>\$ -</u>	<u>\$ 17,294,891</u>	<u>\$ 22,678,321</u>
Foundation				
Cash and cash equivalents	\$ 313,661	\$ -	\$ -	\$ 313,661
Mutual funds - fixed income	2,190,860	-	-	2,190,860
Mutual funds - equities	4,945,873	-	-	4,945,873
Fixed income	-	1,032,685	-	1,032,685
Equities- common stock	7,352,155	-	-	7,352,155
Total investments in fair value hierarchy	<u>\$ 14,802,549</u>	<u>\$ 1,032,685</u>	<u>\$ -</u>	<u>\$ 15,835,234</u>

Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate

Notes to Consolidated Financial Statements

Net investment income consists of the following for the year ended December 31, 2024:

Interest and dividends	\$ 2,573,388
Unrealized/realized gains	2,039,965
Gain in beneficial interest in assets held by others	167,709
Investment expenses	<u>(81,018)</u>
Investment income, net	<u><u>\$ 4,700,044</u></u>

The following is a reconciliation of the opening and closing balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended December 31, 2024:

Beginning of year	\$ 17,127,182
Net realized and unrealized gain	<u>167,709</u>
	<u><u>\$ 17,294,891</u></u>

6. Beneficial Interest in Perpetual Trust

The beneficial interest in perpetual trust represents the fair value of a 20% split-interest in a trust established from the bequest of Audrey and Donald L. Hutt. The assets are held in trust by a bank as permanent trustee of the trust. The assets are recorded in the consolidated financial statements as net assets with donor restrictions. The unrealized gains and losses are reported as net asset with donor restrictions in the Club's consolidated statement of activities.

The assets within the trust include exchange-traded funds, mutual funds, cash and cash equivalents and mineral interests. The Club's carrying value of the beneficial interest in perpetual trust reflects these underlying assets at their estimated fair values. The unrealized gain related to the beneficial interest in perpetual trust for the year ended December 31, 2024 totaled \$167,709.

Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate

Notes to Consolidated Financial Statements

7. Property and Equipment

Property and equipment consists of the following at December 31, 2024:

Land	\$ 316,653
Donated use of land	185,000
Buildings and improvements	19,922,318
Vehicles	2,995,811
Office furniture and other equipment	1,755,678
Construction in progress	<u>66,493</u>
	25,241,953
Accumulated depreciation	<u>(16,574,927)</u>
Property and equipment, net	<u><u>\$ 8,667,026</u></u>

Depreciation expense totaled \$880,452 for the year ended December 31, 2024.

8. Line of Credit

During year ended December 31, 2016, the Organization obtained a revolving line of credit with a financial institution with interest at the *Wall Street Journal* prime rate plus 2.61% (7.5% at December 31, 2024) of \$500,000. The effective date of the conversion to a term note shall be the date stated in the notice the Bank provides and this date shall be known as the "Final Availability Date." The line of credit is collateralized by all of the Organization's assets. No amounts were borrowed against the line as of December 31, 2024.

9. Contributed Nonfinancial Assets

The Organization received the following contributed nonfinancial assets during the year ended December 31, 2024:

	Program Services	Fundraising	Assets	Total
Facilities	\$ 368,108	\$ -	\$ -	\$ 368,108
Food	167,488	4,805	-	172,293
Goods	107,150	92,800	-	199,950
Vehicle	-	-	74,905	74,905
Services	32,633	3,500	-	36,133
Supplies	<u>14,330</u>	<u>-</u>	<u>-</u>	<u>14,330</u>
Total	<u><u>\$ 689,709</u></u>	<u><u>\$ 101,105</u></u>	<u><u>\$ 74,905</u></u>	<u><u>\$ 865,719</u></u>

Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate

Notes to Consolidated Financial Statements

Facilities

Donated rent is valued at the estimated fair value based on comparable rental prices within the same real estate market.

Food

Donated foods are valued at the estimated fair value based on sales prices of similar items.

Goods

Donated goods are valued at the estimated fair value based on sales prices of similar items.

Vehicle

Donated vehicle is valued at the estimated fair value based on sales prices of similar items.

Services

Contributed services are valued at the estimated fair value based on current rates for similar services.

Supplies

Donated supplies are valued at the estimated fair value based on sales prices of similar items.

There were no donor restrictions on the contributions of nonfinancial assets received during the year ended December 31, 2024.

10. Lease

In evaluating its contracts, the Organization separately identifies lease and nonlease components, such as other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities for its equipment. The Organization has elected the practical expedient to not separate lease and nonlease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the nonlease component.

Leases result in the recognition of ROU assets and lease liabilities on the consolidated statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate

Notes to Consolidated Financial Statements

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses the incremental borrowing rate or the risk-free rate derived from the interest paid on short-term government debt to determine the present value of lease payments.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. The Organization has elected not to record leases with an initial term of 12 months or less on the consolidated statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Lease

The Organization leases certain equipment under an operating lease agreement. The agreement expires in March 2027. The Organization is also responsible for paying all taxes associated with the lease.

Future minimum lease payments and reconciliations to the consolidated statement of financial position as of December 31, 2024 are as follows for the years ending December 31:

2025	\$ 11,722
2026	14,427
2027	<u>3,603</u>
Total future undiscounted lease payments	29,752
Less present value discount	<u>(1,229)</u>
Lease liabilities	<u><u>\$ 28,523</u></u>

The following is the lease cost and other required information for the year ended December 31, 2024:

Total operating lease cost	<u><u>\$ 10,692</u></u>
Other information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	<u><u>\$ (10,379)</u></u>
Right-of-use assets obtained in exchange for new lease liabilities	<u><u>\$ -</u></u>
Weighted-average remaining lease term:	
Operating leases	<u><u>2.33 years</u></u>
Weighted-average discount rate:	
Operating leases	<u><u>10.82%</u></u>

Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate

Notes to Consolidated Financial Statements

11. Net Assets Without Donor Restrictions

As of December 31, 2024, net assets without donor restrictions totaling \$737,155 have been designated by the board of directors for operational reserves.

12. Net Assets with Donor Restrictions

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

Endowment	\$ 29,539,020
Future program services	582,578
Scholarships	340,260
Mobile clubhouse	<u>72,000</u>
Total net assets with donor restrictions	<u>\$ 30,533,858</u>

13. Liquidity and Availability of Resources

The following is a schedule of the Organization's financial assets available to meet cash needs for general expenditures within one year at December 31, 2024:

Cash and cash equivalents	\$ 1,464,316
Contribution receivable	78,007
ERC receivable	800,532
Grants receivable	<u>1,728,212</u>
Total financial assets	4,071,067
Less grantor and donor-imposed restrictions	
Board designated	(737,155)
Time and purpose restrictions	<u>(994,838)</u>
Total financial assets not available to be used within one year	<u>(1,731,993)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,339,074</u>

The Organization receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures within one year.

The Organization's goal is to maintain sufficient resources to meet obligations as they come due.

Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate

Notes to Consolidated Financial Statements

14. Boys & Girls Clubs of America

The Organization is affiliated with a national organization, Boys & Girls Clubs of America (BGCA). BGCA has no governing power over its affiliates and serves as a trade association providing supporting services and nationally recognized standards for agency operations and program management at the local level. Annual dues paid by the Organization to BGCA during the year ended December 31, 2024 totaled \$26,034, and were included with dues and memberships in the consolidated statements of functional expenses.

15. Defined Contribution Retirement Plan

The Organization maintains a defined contribution retirement plan provided for employees meeting certain minimum eligibility requirements. Employees may contribute a portion of their earnings to this plan with the Organization making safe harbor and discretionary contributions to the plan. During the year ended December 31, 2024, the Organization contributed \$151,159 to the plan.

16. Employee Retention Credit

The Organization is eligible for the Employee Retention Credit ("ERC") under the CARES Act. ERC receivable at December 31, 2024 was \$800,532, which represents refunds and interest due on the 2021 Form 941-X Employer Quarterly Federal Tax Return for quarter ended March 31, 2021.

17. Related Party

During the year ended December 31, 2024, the Organization received contributions from members of the board of directors totaling \$712,107.

18. Subsequent Events

As of May 29, 2025, Boys and Girls Club of Greater Tarrant County sent a letter of intent to merge with Boys and Girls Club of Hill County.

The Organization evaluated subsequent events through July 21, 2025, the date the consolidated financial statements were available to be issued and concluded that no additional disclosures are required.

Compliance Reports and Supplementary Information

Boys & Girls Clubs of Greater Tarrant County, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Agency/ Pass-through Grantor/Program Title	Assistance Listing #	Pass-through Grantor's #	Federal Expenditures
Department of Housing and Urban Development:			
CDBG - Entitlement / Special Purpose Grants Cluster:			
City of Fort Worth:			
Community Development Block Grants/Entitlement Grants	14.218	B-22-MC-48-0010	\$ 67,335
City of Lewisville:			
Community Development Block Grants/Entitlement Grants	14.218	0590-23-RES	12,600
Community Development Block Grants/Entitlement Grants	14.218	0704-24-RES	5,700
City of Arlington:			
Community Development Block Grants/Entitlement Grants	14.218	B-22-MC-48-0008	400,000
Community Development Block Grants/Entitlement Grants	14.218	B-22-MC-48-0010	39,133
Total CDBG - Entitlement / Special Purpose Grants Cluster			<u>524,768</u>
Total Department of Housing and Human Development			524,768
Department of Agriculture:			
North Texas Food Bank:			
Food Distribution Cluster:			
Emergency Food Assistance Program (Food Commodities)	10.569	-	10,765
Total Food Distribution Cluster			10,765
COVID19 Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes, and Local Governments	10.182	-	174
Total Department of Agriculture			10,939
Department of Education:			
TRIO Cluster:			
TRIO Talent Search	84.044	-	1,023,005
TRIO Upward Bound	84.047	-	754,070
Total TRIO Cluster			<u>1,777,075</u>
Total Department of Education			1,777,075
Department of Justice:			
Boys & Girls Clubs of America Office of Juvenile Justice Prevention:			
Juvenile Mentoring Program	16.726	53400	12,000
Juvenile Mentoring Program	16.726	53399	12,000
Juvenile Mentoring Program	16.726	53395	18,000
Juvenile Mentoring Program	16.726	53398	16,000
Juvenile Mentoring Program	16.726	53397	12,000
Juvenile Mentoring Program	16.726	50668	1,279
Juvenile Mentoring Program	16.726	53396	18,000
Juvenile Mentoring Program	16.726	50669	1,142
Total Department of Justice			90,421
Department of Labor:			
Workforce Data Quality Initiative (WDQI)	17.261	-	51,778
Total Department of Labor			51,778
Department of Health and Human Services:			
Texas Department of Health and Human Services:			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	HHS000841700005	267,143
Block Grants for Prevention and Treatment of Substance Abuse	93.959	HHS000539700190	481,544
Block Grants for Prevention and Treatment of Substance Abuse	93.959	HHS001344700010	272,766
Total ALN 93.959			<u>754,310</u>
Total Department of Health and Human Services			1,021,453
Department of the Treasury:			
Denton County:			
COVID19 Coronavirus State And Local Fiscal Recovery Funds	21.027	-	636,586
Total Department of the Treasury			<u>636,586</u>
Total expenditures of federal awards			<u>\$ 4,113,020</u>

See notes to schedule of expenditures of federal awards

Boys & Girls Clubs of Greater Tarrant County, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Boys and Girls Club of Greater Tarrant County, Inc. (Club) and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Club, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Club.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Club has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

3. Non-Cash Assistance

The Club received non-cash meals and food packages valued at \$10,939 during the year ended December 31, 2024.

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

To the Board of Directors of
Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Boys & Girls Clubs of Greater Tarrant County, Inc., which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 21, 2025. The financial statements of Boys and Girls Club of Greater Tarrant County Foundation, Inc. (Foundation) were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Club'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 Club's internal control. Accordingly, we do not express an opinion on the effectiveness of the Club'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 Club'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 consolidated 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 Club'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 Club's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Sutton Frost Cary".

A Limited Liability Partnership

Arlington, Texas
July 21, 2025

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors of
Boys & Girls Clubs of Greater Tarrant County, Inc. and Affiliate

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Boys & Girls Clubs of Greater Tarrant County, Inc.'s (Club) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Club's major federal programs for the year ended December 31, 2024. The Club's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Club 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. Our audit does not provide a legal determination of the Club'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 Club's federal programs.

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 Club'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* and the Uniform Guidance 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 Club's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, 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 Club'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 Club'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, 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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 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 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 was 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. Accordingly, this report is not suitable for any other purpose.



A Limited Liability Partnership

Arlington, Texas
July 21, 2025

Boys & Girls Clubs of Greater Tarrant County, Inc.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

Section I – Summary of Auditors’ Results

Consolidated Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Noncompliance material to consolidated financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No

<i>Identification of major federal programs</i>	<u>Assistance Listing Number</u>
--	----------------------------------

Block Grants for Prevention and Treatment of Substance Abuse	93.959
Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between type A and B programs for federal awards:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Consolidated Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Boys & Girls Clubs of Greater Tarrant County, Inc.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

Section IV – Prior Federal Award Findings and Questioned Costs

None reported