



Boys and Girls Clubs of Dorchester, Inc.

Financial Statements

June 30, 2025 and 2024

Boys and Girls Clubs of Dorchester, Inc.

Table of Contents June 30, 2025 and 2024

	<u>Pages</u>
Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

Independent Auditor's Report

To the Board of Directors of
Boys and Girls Clubs of Dorchester, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Boys and Girls Clubs of Dorchester, Inc. (the Club), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Boys and Girls Clubs of Dorchester, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Club'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.

AAFCPA's, Inc.

Boston, Massachusetts
October 30, 2025

Boys and Girls Clubs of Dorchester, Inc.

Statements of Financial Position

As of June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current Assets:						
Cash	\$ 4,180,140	\$ 3,079,872	\$ 7,260,012	\$ 904,431	\$ 3,485,250	\$ 4,389,681
Due (to) from	(7,503,358)	7,503,358	-	(2,464,972)	2,464,972	-
Short-term investments	3,169,319	5,342,119	8,511,438	3,338,475	3,133,097	6,471,572
Current portion of pledges receivable	143,930	7,454,877	7,598,807	46,000	2,272,005	2,318,005
Grants, contracts and other receivables, net	377,069	-	377,069	642,227	-	642,227
Prepaid expenses and other	100,876	-	100,876	67,439	-	67,439
Total current assets	467,976	23,380,226	23,848,202	2,533,600	11,355,324	13,888,924
Investments, net of current portion	859,504	2,277,604	3,137,108	752,958	2,040,148	2,793,106
Pledges receivable, net of current portion	-	7,191,955	7,191,955	-	7,733,766	7,733,766
Property and equipment, net	11,969,977	-	11,969,977	6,385,333	-	6,385,333
Total assets	\$ 13,297,457	\$ 32,849,785	\$ 46,147,242	\$ 9,671,891	\$ 21,129,238	\$ 30,801,129
Liabilities and Net Assets						
Liabilities:						
Current liabilities:						
Accounts payable and accrued expenses	\$ 3,796,085	\$ -	\$ 3,796,085	\$ 1,027,029	\$ -	\$ 1,027,029
Current portion of conditional grant advance	100,000	-	100,000	-	-	-
Deferred revenue	60,969	-	60,969	69,237	-	69,237
Total current liabilities	3,957,054	-	3,957,054	1,096,266	-	1,096,266
Conditional grant advance, net of current portion	299,200	-	299,200	-	-	-
Total liabilities	4,256,254	-	4,256,254	1,096,266	-	1,096,266
Net Assets:						
Without donor restrictions:						
Operating	4,574,584	-	4,574,584	4,655,264	-	4,655,264
Property and equipment	4,466,619	-	4,466,619	3,920,361	-	3,920,361
Total without donor restrictions	9,041,203	-	9,041,203	8,575,625	-	8,575,625
Net assets with donor restrictions	-	32,849,785	32,849,785	-	21,129,238	21,129,238
Net assets	9,041,203	32,849,785	41,890,988	8,575,625	21,129,238	29,704,863
Total liabilities and net assets	\$ 13,297,457	\$ 32,849,785	\$ 46,147,242	\$ 9,671,891	\$ 21,129,238	\$ 30,801,129

The accompanying notes are an integral part of these financial statements.

Boys and Girls Clubs of Dorchester, Inc.
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues and Support:						
Grants and contributions	\$ 3,489,706	\$ 1,159,635	\$ 4,649,341	\$ 3,265,489	\$ 940,046	\$ 4,205,535
Contracts	3,276,978	-	3,276,978	3,116,195	-	3,116,195
Special events and contributions, net	709,664	-	709,664	683,465	-	683,465
Program service fees	691,464	-	691,464	662,663	-	662,663
Rodman Ride contributions	410,316	-	410,316	385,611	-	385,611
Investment income	231,578	-	231,578	343,779	-	343,779
Donated goods and services	161,403	-	161,403	239,401	-	239,401
United Way contributions	50,417	-	50,417	50,000	-	50,000
Revenues, other	5,032	-	5,032	24,308	-	24,308
Net assets released from purpose restriction	1,077,470	(1,077,470)	-	897,995	(897,995)	-
Total operating revenues and support	10,104,028	82,165	10,186,193	9,668,906	42,051	9,710,957
Operating Expenses:						
Program services:						
Licensed childcare	3,246,569	-	3,246,569	2,942,424	-	2,942,424
Recreation and education	4,838,841	-	4,838,841	4,824,650	-	4,824,650
Total program services	8,085,410	-	8,085,410	7,767,074	-	7,767,074
General and administrative	795,878	-	795,878	734,766	-	734,766
Fundraising	1,599,343	-	1,599,343	1,447,862	-	1,447,862
Total operating expenses	10,480,631	-	10,480,631	9,949,702	-	9,949,702
Changes in net assets from operations	(376,603)	82,165	(294,438)	(280,796)	42,051	(238,745)
Non-Operating Revenues (Expenses):						
Grants and contributions - capital campaign	-	11,601,820	11,601,820	-	11,745,380	11,745,380
Investment return, net	386,417	237,456	623,873	(30,748)	307,421	276,673
Capital contributions	104,870	150,000	254,870	15,000	146,536	161,536
Net assets released from capital restrictions	350,894	(350,894)	-	53,010	(53,010)	-
Returned grant	-	-	-	-	(500,000)	(500,000)
Total non-operating revenues (expenses)	842,181	11,638,382	12,480,563	37,262	11,646,327	11,683,589
Changes in net assets	465,578	11,720,547	12,186,125	(243,534)	11,688,378	11,444,844
Net assets at beginning of year	8,575,625	21,129,238	29,704,863	8,819,159	9,440,860	18,260,019
Net assets at end of year	\$ 9,041,203	\$ 32,849,785	\$ 41,890,988	\$ 8,575,625	\$ 21,129,238	\$ 29,704,863

The accompanying notes are an integral part of these financial statements.

Boys and Girls Clubs of Dorchester, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2025

	2025					
	Licensed Childcare	Recreation and Education	Total Program Services	Management and General	Fundraising	Total
Salaries and Related:						
Salaries and wages	\$ 2,333,814	\$ 2,835,307	\$ 5,169,121	\$ 413,692	\$ 903,588	\$ 6,486,401
Employee benefits and payroll taxes	413,516	479,178	892,694	89,496	150,564	1,132,754
Total salaries and related	<u>2,747,330</u>	<u>3,314,485</u>	<u>6,061,815</u>	<u>503,188</u>	<u>1,054,152</u>	<u>7,619,155</u>
Occupancy:						
Repairs and maintenance	50,349	217,217	267,566	36,836	6,621	311,023
Depreciation	60,146	186,791	246,937	10,225	7,004	264,166
Utilities	27,014	156,718	183,732	9,172	1,984	194,888
Insurance	39,960	62,160	102,120	20,277	4,440	126,837
Total occupancy	<u>177,469</u>	<u>622,886</u>	<u>800,355</u>	<u>76,510</u>	<u>20,049</u>	<u>896,914</u>
Other:						
Consulting	36,578	176,463	213,041	56,505	453,851	723,397
Program activities and supplies	145,354	576,100	721,454	-	59	721,513
Special event	-	-	-	-	371,208	371,208
Other operating expenses	106,780	32,502	139,282	40,156	47,766	227,204
Staff training and travel	15,603	79,938	95,541	12,260	8,844	116,645
Professional fees	-	-	-	82,965	-	82,965
Dues and subscriptions	5,644	36,464	42,108	5,276	11,811	59,195
Bank fees	11,811	3	11,814	19,018	2,811	33,643
Total other	<u>321,770</u>	<u>901,470</u>	<u>1,223,240</u>	<u>216,180</u>	<u>896,350</u>	<u>2,335,770</u>
Total expenses before special events - direct expenses	<u>3,246,569</u>	<u>4,838,841</u>	<u>8,085,410</u>	<u>795,878</u>	<u>1,970,551</u>	<u>10,851,839</u>
Special Events - Direct Expenses	-	-	-	-	(371,208)	(371,208)
Total expenses	<u>\$ 3,246,569</u>	<u>\$ 4,838,841</u>	<u>\$ 8,085,410</u>	<u>\$ 795,878</u>	<u>\$ 1,599,343</u>	<u>\$ 10,480,631</u>

The accompanying notes are an integral part of these financial statements.

Boys and Girls Clubs of Dorchester, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2024

	2024					
	Licensed Childcare	Recreation and Education	Total Program Services	Management and General	Fundraising	Total
Salaries and Related:						
Salaries and wages	\$ 2,193,729	\$ 2,830,387	\$ 5,024,116	\$ 381,626	\$ 837,817	\$ 6,243,559
Employee benefits and payroll taxes	365,702	471,303	837,005	77,502	147,176	1,061,683
Total salaries and related	<u>2,559,431</u>	<u>3,301,690</u>	<u>5,861,121</u>	<u>459,128</u>	<u>984,993</u>	<u>7,305,242</u>
Occupancy:						
Repairs and maintenance	42,577	171,433	214,010	40,595	4,409	259,014
Depreciation	51,976	152,330	204,306	9,476	5,232	219,014
Utilities	23,677	128,997	152,674	8,680	1,860	163,214
Insurance	39,312	56,784	96,096	18,211	4,368	118,675
Total occupancy	<u>157,542</u>	<u>509,544</u>	<u>667,086</u>	<u>76,962</u>	<u>15,869</u>	<u>759,917</u>
Other:						
Consulting	41,860	141,958	183,818	54,946	374,228	612,992
Program activities and supplies	118,350	705,668	824,018	-	248	824,266
Special event	-	-	-	-	332,763	332,763
Other operating expenses	38,774	34,859	73,633	37,006	51,474	162,113
Staff training and travel	10,239	94,668	104,907	6,041	9,385	120,333
Professional fees	-	-	-	69,270	-	69,270
Dues and subscriptions	3,252	35,845	39,097	3,804	6,833	49,734
Bank fees	12,976	418	13,394	27,609	4,832	45,835
Total other	<u>225,451</u>	<u>1,013,416</u>	<u>1,238,867</u>	<u>198,676</u>	<u>779,763</u>	<u>2,217,306</u>
Total expenses before special events - direct expenses	<u>2,942,424</u>	<u>4,824,650</u>	<u>7,767,074</u>	<u>734,766</u>	<u>1,780,625</u>	<u>10,282,465</u>
Special Events - Direct Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(332,763)</u>	<u>(332,763)</u>
Total expenses	<u>\$ 2,942,424</u>	<u>\$ 4,824,650</u>	<u>\$ 7,767,074</u>	<u>\$ 734,766</u>	<u>\$ 1,447,862</u>	<u>\$ 9,949,702</u>

The accompanying notes are an integral part of these financial statements.

Boys and Girls Clubs of Dorchester, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Changes in net assets	\$ 12,186,125	\$ 11,444,844
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	264,166	219,014
Credit loss	847	16,307
Grants and contributions - capital campaign	(11,601,820)	(11,745,380)
Net gain on investments	(262,401)	(276,673)
Returned grant	-	(500,000)
(Increase) decrease in operating assets and liabilities:		
Pledges receivable	(1,871,510)	(1,606,414)
Grants, contracts and other receivables	264,311	39,900
Prepaid expenses and other	(33,437)	(16,927)
Accounts payable and accrued expenses	(165,410)	297,628
Conditional grant advance	399,200	-
Deferred revenue	(8,268)	20,052
Net cash used in operating activities	<u>(828,197)</u>	<u>(2,107,649)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	554,238	563,342
Purchase of investments	(2,675,707)	(3,872,822)
Acquisitions of property and equipment	(2,914,342)	(707,878)
Net cash used in investing activities	<u>(5,035,811)</u>	<u>(4,017,358)</u>
Cash flows from financing activities:		
Grants and contributions - capital campaign	<u>8,734,339</u>	<u>7,093,486</u>
Net increase in cash	2,870,331	968,479
Cash, at beginning of year	<u>4,389,681</u>	<u>3,421,202</u>
Cash, at end of year	<u><u>\$ 7,260,012</u></u>	<u><u>\$ 4,389,681</u></u>
Supplemental disclosure on non cash activity:		
Unrealized gain on investments	<u>\$ 204,105</u>	<u>\$ 288,691</u>
Property and equipment acquisitions financed via accounts payable and accrued expenses	<u>\$ 3,309,560</u>	<u>\$ 375,094</u>
Prior year construction in process transferred to property and equipment	<u><u>\$ 467,738</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

Boys and Girls Clubs of Dorchester, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

1. Operations and Nonprofit Status

Operations

Boys and Girls Clubs of Dorchester, Inc. (the Club) is a nonprofit organization dedicated to inspiring and enabling all young people, from diverse circumstances, to realize their full potential by providing opportunities for personal growth to become contributing, caring and responsible members of the community. The Club provides education and recreation related activities for children of all ages of Dorchester, Massachusetts and the surrounding communities.

Nonprofit Status

The Club is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Club is also exempt from state income taxes. Contributions made to the Club are deductible by donors within the requirements of the IRC.

2. Significant Accounting Policies

Basis of Accounting

The Club prepares its financial statements in accordance with generally accepted accounting principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Estimates

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

Cash

The Club considers all highly liquid securities issued with an initial maturity of three months or less to be cash equivalents. At June 30, 2025 and 2024, cash consisted of checking and money market accounts. For the purposes of the statements of cash flows, cash held within the Club's investment portfolio are considered investments (see Note 3).

The Club maintains its cash balances in financial institutions in the U.S. Balances at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) at each bank up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. The Club has not experienced any losses in these accounts and management believes the Club is not exposed to any significant credit risk on its cash.

Boys and Girls Clubs of Dorchester, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at fair value at the date the promise is received and included in pledges receivable. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, net of an allowance for uncollectable amounts. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received.

Grants, Contracts and Other Receivables, Net Allowance for Doubtful Accounts

Grants, contracts and other receivables are stated at the invoiced or committed amount, less allowances for doubtful accounts. Grants, contracts and other receivables relate to the Federal, state and local government contracts, where the services provided by the Club are considered nonreciprocal transactions, because the Club's clients and service area receive the benefit as a result of the assets transferred. The allowance for doubtful accounts is based on historical collections and write off experience as well as management's best estimate of the amount of probable losses in grants, contracts and other receivables. The allowance for doubtful accounts for grants, contracts and other receivables as of June 30, 2025 and 2024, was \$10,000 and \$25,000, respectively.

Property and Equipment, Net and Construction in Process

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the date of receipt by the Club. Construction in process pertains to design, architecture and land preparation costs for Fieldhouse+ (the Fieldhouse Project) (see Notes 5 and 14) and various smaller projects and will be placed into service upon completion. Renewals and betterments of 2,500 or more are capitalized, while repairs and maintenance are expensed as incurred. Land is not depreciated.

Depreciation is computed using the straight-line method over estimated useful lives as follows:

	<u>Useful Lives</u>
Building and improvements	10 - 40 years
Furniture, vehicles and equipment	3 - 10 years
Land improvements	15 years

The Club accounts for the carrying value of its property and equipment in accordance with ASC Topic, *Property, Plant, and Equipment*. Under this standard, an impairment loss is recognized when the carrying amount of long-lived assets exceeds its fair value. There were no impairment losses recorded in fiscal years 2024 and 2025.

Boys and Girls Clubs of Dorchester, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Fair Value Measurements

The Club follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Club would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Club uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Club. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

Investments

Investments are recorded in the financial statements at fair value. If an investment is directly held by the Club and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year.

Boys and Girls Clubs of Dorchester, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Net Assets

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Club. The Club has grouped its net assets without donor restrictions into the following categories:

- *Operating net assets* consist of amounts relating to program and other operating activities which bear no external restrictions and are currently available for operations.
- *Property and equipment net assets* reflect amounts expended and resources available for property and equipment and construction in progress, net of related debt, if any.

Net assets with donor restrictions represent amounts received or committed with donor restrictions which have not yet been expended for their designated purpose or amounts restricted for use in future periods. These contributions are recorded as net assets with donor restrictions until they are expended for their designated purpose or as the time period lapses. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statements of activities and change in net assets as net assets released from restrictions. When the restrictions on contributions are met in the same period that the contribution is received, the contribution is reported in the statements of activities and change in net assets as net assets without donor restrictions.

Net assets with donor restrictions include the following:

- *Investment in perpetuity* reflects the funds restricted by donors against any expenditure of principal.
- *Appreciation on endowment* reflects the appreciation on certain investments and may be used for general purposes in accordance with Massachusetts state law and the Club's spending policy.
- *Purpose restricted net assets* include amounts received associated with the capital campaign (see Note 14) as well as other purpose or time restrictions, which have not yet been expended for their purposes.

Massachusetts state law allows the Club to appropriate as much of the appreciation of net assets with donor restrictions as is deemed prudent considering the Club's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

Boys and Girls Clubs of Dorchester, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Net Assets (Continued)

Net assets with donor restrictions are restricted as follows as of June 30:

Description	2025	2024
Subject to the Club's endowment spending policy:		
Unspent appreciation on endowment	\$ 1,230,978	\$ 993,522
Investment in perpetuity	1,046,626	1,046,626
	<u>2,277,604</u>	<u>2,040,148</u>
Subject to expenditure for specific purposes:		
Capital	28,709,602	17,982,676
Program	1,159,635	386,046
Time	702,944	720,368
	<u>30,572,181</u>	<u>19,089,090</u>
Total net assets with donor restrictions	<u>\$ 32,849,785</u>	<u>\$ 21,129,238</u>

Revenue Recognition

Grants, Contributions and Contracts

The Club's primary sources of grants and contributions, includes revenue from Federal and state government contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received under these contracts have been recorded in accordance with FASB's ASU 2018-08, *Not-For-Profit Entities* (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. These contracts are considered nonreciprocal transactions because the general public receives the benefit as the result of the assets transferred. Amounts received are recognized as revenue when the Club 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 accompanying statements of financial position.

In accordance with Topic 958, the Club must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Club should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional advance liabilities until such conditions are met (see Note 16).

Boys and Girls Clubs of Dorchester, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Grants, contributions and contracts from government agencies, foundations, individuals, and corporations are recorded as revenue and net assets without donor restrictions upon receipt or when unconditionally committed by the donor. Donor restricted grants, contributions and contracts that are donations with time or purpose restrictions are recognized as revenues and net assets with donor restrictions when received or when unconditionally committed by the donor. Grants, contributions and contracts with donor restrictions are reclassified to net assets without donor restrictions as services are performed and costs are incurred, or pro-rata over the period covered by the grant or contributions as time restrictions lapse. Donor restricted grants received and satisfied in the same period are included in net assets without donor restrictions.

Special Event Revenue

The Club conducts fundraising events where the obligation is delivery of the event. Sponsorship tickets for these events are set by the Club and recorded in accordance with ASC Topic 606 and have not been allocated as the events are considered to be an obligation. Sponsorship tickets collected in advance of an event are initially recorded as deferred revenue (contract liabilities) and are only recognized in the accompanying statements of activities after delivery of the event has occurred. The events also receive event contributions from donors which are recorded as net assets without donor restrictions when received in accordance with ASC Topic 958.

Revenue from Contracts with Customers

The Club generally measures revenue from exchange transactions based on the amount of consideration The Club expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as The Club satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Club evaluates its revenue recognition based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

In accordance with Topic 606, program service fees are recognized as services are provided. The performance obligations of delivering childcare services are simultaneously received and consumed by the recipients; therefore, the revenue is recognized as childcare services are provided. The receipt of program service fees for child care services to be performed in the following year are recorded as deferred revenue in the accompanying statements of financial position.

Boys and Girls Clubs of Dorchester, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

The Club's grants, contracts and other receivables consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Grant and contributions	\$ 363,119	\$ 617,773	\$ 652,620
Program service fees	13,950	24,454	45,814
Total grants, contributions and other receivables	<u>\$ 377,069</u>	<u>\$ 642,227</u>	<u>\$ 698,434</u>

Other Revenue

Interest and dividends are recognized when earned. Interest income on cash and certain investments are included in operating revenues, while interest and dividends earned on investments relating to the endowment and capital campaign are included in investment return, net in non-operating activities in the accompanying statements of activities and changes in net assets. Gains and losses are recognized as incurred upon sale or maturities of investments or based on fair value changes during the period. Gains and losses are included in investment return, net in the accompanying statements of activities and changes in net assets.

Returned Grant

In a previous fiscal year, the Club received a capital grant to be used for construction costs related to the Fieldhouse Project. During fiscal year 2024, the grant donor rescinded the grant and asked the Club to reapply due to the amount of time that had passed since the grant was awarded. For the year ended June 30, 2024, the Club recorded a returned grant expense totaling \$500,000 and is included in non-operating revenues (expenses) in the accompanying statement of activities and changes in net assets.

Donated Goods and Services

The Club recognizes the fair value of contributed goods and services received if such goods and services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

The Club receives services from a large number of volunteers who give significant amounts of their time to the Club's programs, but which do not meet the criteria for financial statements recognition. The Club benefited from donated space which was valued by comparing similar spaces and recording an estimated fair value based on size and location. See Note 8 for additional disclosure on donated goods and services.

Boys and Girls Clubs of Dorchester, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Deferred Revenue

Deferred revenue consists of program fees received in advance for programs that will be held in the following fiscal year.

Deferred revenue consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Program fees received in advance	\$ 60,969	\$ 69,237	\$ 49,185

Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenues and public support and operating expenses in the accompanying statements of activities and changes in net assets. Non-operating revenues (expenses) include endowment and investment activity, and capital campaign and capital grant activity.

Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated based upon management's estimate of the percentage attributable to each function.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are personnel and related costs, which are allocated on the basis of estimates of time and effort; and occupancy costs and depreciation, which are allocated on a square footage basis.

Advertising

The Club expenses advertising costs as they are incurred. Advertising expenses for the years ended June 30, 2025 and 2024, were approximately \$37,293 and \$40,336, respectively, which are included in other operating expenses in the accompanying statements of functional expenses.

Income Taxes

The Club accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Club has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2025 and 2024. The Club's information returns are subject to examination by the Federal and state jurisdictions.

Boys and Girls Clubs of Dorchester, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

2. Significant Accounting Policies (Continued)

Subsequent Events

Subsequent events have been evaluated through October 30, 2025, which is the date the financial statements were available to be issued. Events that met the criteria for recognition or disclosure in the financial statements are included in Notes 14 and 17.

Reclassifications

Certain amounts in the prior period financial statements have been reclassified to conform to the current period presentation.

3. INVESTMENTS

Investments include funds held by the Club for long-term purposes and are generally not used for operations. Accordingly, these investments have been classified as non-current assets in the accompanying statements of financial position regardless of maturity or liquidity. Investments are not insured and are subject to market fluctuations.

Investments, summarized using fair value inputs, consist of the following at June 30, 2025:

Investment Type	Level 1
Money market funds	\$ 8,671,619
Mutual funds - equities	2,839,754
Publicly traded exchange-traded fund (ETF)	137,174
Total investments	11,648,547
Less - short-term investments	(8,511,438)
Investments, net of current portion	\$ 3,137,109

Investments, summarized using fair value inputs, consist of the following at June 30, 2024:

Investment Type	Level 1
Money market funds	\$ 6,480,837
Mutual funds - equities	2,783,841
Total investments	9,264,678
Less - short-term investments	(6,471,572)
Investments, net of current portion	\$ 2,793,106

Boys and Girls Clubs of Dorchester, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

3. INVESTMENTS (Continued)

Approximately \$3,169,000 and \$3,338,000 of money market funds without donor restrictions represent excess cash on hand that the Club set aside during 2025 and 2024, respectively, and intends to use for operations as needed. As such, these funds are reflected as short-term investments in the accompanying statements of financial position. The Club intends to hold the remaining investments indefinitely. Accordingly, the remaining investments are reflected as long-term assets in the accompanying statements of financial position regardless of maturity or liquidity. Investments are not insured and are subject to on-going market fluctuations.

The Board of Directors, through the Investment Committee, may employ the services of one or more investment managers to handle invested funds in accordance with these guidelines.

4. ENDOWMENT

Following is a summary of the changes in endowment net assets for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Endowment net assets, beginning of year	\$ 2,040,148	\$ 1,732,727
Investment return, net	237,456	307,421
Endowment net assets, end of year	<u>\$ 2,277,604</u>	<u>\$ 2,040,148</u>

The Club has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as enacted in Massachusetts, requiring the tracking 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 Center tracks in perpetuity: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) any accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift and instrument at the time the accumulation is added to the fund, as applicable. Endowment funds and the related appreciation on such funds are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Club considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment funds:

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

Boys and Girls Clubs of Dorchester, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

4. ENDOWMENT (Continued)

During fiscal years 2025 and 2024, the Board of Directors of the Club did not vote to approve a spending policy appropriation based on budgetary decisions.

The overall goal of the Club's endowment is to provide a level of support to the Club as determined by the spending policy and reach the objective of maintaining or enhancing purchasing power. The primary investment objective is to achieve a competitive total rate of return (realized and unrealized capital gains plus income, after fees) commensurate with prudent diversification and moderate risk. Consistent with this objective, the portfolio will be structured among various asset classes employing equity-based mutual funds for both growth of capital and income and fixed income based mutual funds for current income and relative price stability. The investment objectives for the endowment portfolio assets shall be to achieve an average annual rate of return of the Consumer Price Index plus 5%.

5. PROPERTY AND EQUIPMENT, NET AND CONSTRUCTION IN PROCESS

Property and equipment, net and construction in process consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Building and improvements	\$ 8,523,659	\$ 7,630,315
Furniture, vehicles and equipment	865,443	789,432
Land and land improvements	594,519	594,519
Construction in process	7,775,570	2,947,015
Total	<u>17,759,191</u>	<u>11,961,281</u>
Less - accumulated depreciation	(5,789,214)	(5,575,948)
Property and equipment, net	<u><u>\$ 11,969,977</u></u>	<u><u>\$ 6,385,333</u></u>

The Club's depreciation expense was \$264,166 and \$219,014 for the years ended June 30, 2025 and 2024, respectively.

Construction in process of \$7,503,358 and \$2,464,972 as of June 30, 2025 and 2024, respectively, pertains to design and architecture costs for the Fieldhouse Project (see Note 14). The remaining \$272,212 and \$482,043 of construction in process as of June 30, 2025 and 2024, respectively, pertains to other capital projects that are expected to be placed in service in the next fiscal year.

Boys and Girls Clubs of Dorchester, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

6. LINE OF CREDIT

The Club has available a \$250,000 line of credit with a bank, which is subject to annual review. Interest on outstanding borrowings is at the *Wall Street Journal's* prime rate (7.5% and 8.5% as of June 30, 2025 and 2024, respectively). There was no outstanding balance on this line of credit as of June 30, 2025 and 2024. The Club must comply with certain covenants as specified in the agreements. The Club was in compliance with these covenants as of June 30, 2025 and 2024.

Subsequent to year-end, the Club entered into a secured bridge loan totaling up to \$30,000,000 and a \$1,000,000 secured revolving line of credit with two commercial lenders. See Note 17 for additional disclosure.

7. FUNDING AND CONCENTRATIONS

The Club receives a portion of its funding from the Commonwealth of Massachusetts under unit-rate contracts. Payments to the Club are subject to audit by the appropriate government agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Club as of June 30, 2025 and 2024, or on the changes in its net assets for the years then ended.

As of June 30, 2025 and 2024, 79% and 50%, respectively, of grants, contracts and other receivables was due from one payer. As of June 30, 2025 and 2024, 74% and 67% of pledges receivable was due from three and two payers, respectively.

8. DONATED GOODS AND SERVICES

The value of donated goods and services, excluding donated land, is as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Rent	\$ 120,929	\$ 161,238
Special event advertising, raffle items and other	71,074	68,114
Event tickets and program supplies	40,474	78,163
	<u>232,477</u>	<u>307,515</u>
Less - amounts included in special events	71,074	68,114
Donated goods and services	<u>\$ 161,403</u>	<u>\$ 239,401</u>

Boys and Girls Clubs of Dorchester, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

9. SPECIAL EVENTS AND CONTRIBUTIONS, NET

Included in special events and contributions, net are the results of various special events that are held annually, which are shown net of related expenses in the accompanying statements of activities and changes in net assets. Special event revenue and direct expenses are summarized as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Special events contributions	\$ 896,423	\$ 576,364
Special events donated goods	71,074	68,114
Total	<u>967,497</u>	<u>644,478</u>
Special events revenue	113,375	371,750
Less - direct expense (including donated goods)	<u>(371,208)</u>	<u>(332,763)</u>
Total	<u>(257,833)</u>	<u>38,987</u>
Special events and contributions, net	<u>\$ 709,664</u>	<u>\$ 683,465</u>

10. RELATED PARTY TRANSACTIONS

The spouse of the President/Chief Executive Officer (CEO) is the Senior Vice President of Education and Programming at the Club. The Senior Vice President of Education and Programming received compensation from the Club in the amount of approximately \$190,000 and \$184,000 for the years ended June 30, 2025 and 2024, respectively. Additionally, the President/CEO is a voting member of the Board of Directors. He is only compensated for his role as President/CEO.

The President/CEO and the Senior Vice President of Operations of the Club are also members of the Board of Directors of a foundation that provided support, both directly and indirectly, to the Club. For the years ended June 30, 2025 and 2024, the foundation contributed \$250,000, which is included in Rodman Ride contributions in the accompanying statements of activities and changes in net assets. These individuals abstain from any votes taken that pertain to funding for the Club.

The Chairman of the Board is also President of the construction company chosen to be general contractor for the Fieldhouse Project and other construction in progress projects (see Notes 5 and 14). For the years ended June 30, 2025 and 2024, the general contractor was paid \$4,570,000 and \$422,000, respectively, for services associated with these projects.

The Clerk of the Board of Directors is also the CEO of a construction company that performed construction services on one of the Club's facilities. For the years ended June 30, 2025 and 2024, the construction company was paid \$196,000 and \$206,000, respectively, for these services.

Boys and Girls Clubs of Dorchester, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

11. EMPLOYEE BENEFIT PLAN

The Club participates in a safe harbor 401(k) plan (the Plan), administered by the Boys and Girls Club Pension Trust, a separate corporation. The Plan covers all employees who have completed one year of service, worked at least 1,000 hours, and reached the age of 21. Under the Plan, the participants may contribute the maximum allowable by law. The Club contributes 3% of each eligible employee's current earnings and will make a matching contribution of an employee's contribution up to 2% of current earnings. Matching contributions made by the Club fully vest after three years. During fiscal years 2025 and 2024, the Club made contributions totaling \$215,102 and \$177,014, respectively, which are included in employee benefits in the accompanying statements of functional expenses.

12. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for use by the Club within one year from the statements of financial position date are as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Cash	\$ 7,260,012	\$ 4,389,681
Short-term investments	8,511,438	6,471,572
Current portion of pledges receivable	7,598,807	2,318,005
Grants, contracts and other receivables, net	377,069	642,227
Total financial assets and liquidity resources available	<u>23,747,326</u>	<u>13,821,485</u>
Less - current portion of donor restricted amounts pertaining to capital campaign	<u>(15,876,868)</u>	<u>(8,890,352)</u>
Total financial assets and liquidity resources available within one year	<u>\$ 7,870,458</u>	<u>\$ 4,931,133</u>

The Club reviews its cash position and cash flow projections on a weekly basis to ensure that adequate funds are on hand to meet expenses. Excess funds are invested to maximize returns. The Club also has a line of credit for borrowings up to \$250,000 for immediate cash needs (see Note 6).

Approximately \$3,169,000 and \$3,338,000 of money market funds without donor restrictions represent excess cash on hand that the Club set aside during 2025 and 2024, respectively, and intends to use for operations as needed. As such, these funds are reflected as short-term investments in the accompanying statements of financial position. The Club intends to hold the remaining investments indefinitely. Accordingly, the remaining investments are reflected as long-term assets in the accompanying statements of financial position regardless of maturity or liquidity. Investments are not insured and are subject to on-going market fluctuations.

Boys and Girls Clubs of Dorchester, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

13. PLEDGES AND OTHER RECEIVABLES

Pledges and other receivables are expected to be received as follows at June 30:

	<u>2025</u>	<u>2024</u>
Due within one year	\$ 7,598,807	\$ 2,318,005
Due in one to five years	7,645,900	8,463,162
	<u>15,244,707</u>	<u>10,781,167</u>
Less - discount	(453,945)	(729,396)
Less - current portion	<u>(7,598,807)</u>	<u>(2,318,005)</u>
Non-current pledges receivable	<u>\$ 7,191,955</u>	<u>\$ 7,733,766</u>

The pledges have been discounted using risk-free rate of approximately 3.8% and 4.7% at June 30, 2025 and 2024, respectively, to state pledges at their net present values.

14. CAPITAL CAMPAIGN

During fiscal year 2021, the Club launched a capital campaign in collaboration with the Martin Richard Foundation with a goal of raising approximately \$75 million for the construction of the Fieldhouse Project, as well as expenditures relating to the Campaign. The Club has raised approximately \$32.9 million and \$20.1 million towards the total capital campaign goal as of June 30, 2025 and 2024, respectively. Of this amount, approximately \$13,300,000 and \$8,300,000 are included in pledges receivable as of June 30, 2025 and 2024, respectively, and are expected to be collected over the next five years. Subsequent to June 30, 2025, the Club received approximately \$550,000 of additional pledge commitments for the Fieldhouse Project.

The Club's total fundraising costs for the years ended June 30, 2025 and 2024, reflected in the accompanying statements of functional expenses included approximately \$675,000 and \$598,000, respectively, of costs pertaining to the capital campaign. To offset these fundraising costs, approximately \$675,000 and \$598,000 was released from with donor restrictions and recognized as grants and contributions for the years ended June 30, 2025 and 2024, respectively, as reflected in the accompanying statements of activities and changes in net assets.

15. DONATED LAND USE - LEASE AGREEMENT WITH CITY OF BOSTON

In March 2021, the Club entered into a thirty-year lease agreement with the City of Boston for the use of land in Dorchester, Massachusetts. The lease provides for the use of the land in lieu of rent, with the Club responsible for all costs incurred in constructing and maintaining improvements on the property. As of the reporting date, the Club has received an unconditional promise to use the land under this agreement. However, due to unexpected costs associated with making the land buildable, the fair value of the donated use cannot be reasonably determined at this time. In accordance with ASC 958-605-25, recognition of the contribution receivable and donor-restricted net assets have been deferred until such time as the fair value can be reasonably estimated.

Boys and Girls Clubs of Dorchester, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

15. DONATED LAND USE - LEASE AGREEMENT WITH CITY OF BOSTON (Continued)

The Club will recognize the contribution receivable and donor-restricted net asset at fair value once all relevant costs are known or reasonably estimable. Management will continue to monitor the situation and update this disclosure as additional information becomes available.

16. CONDITIONAL GRANTS

The Club receives grants from organizations that are conditional upon the Club meeting certain performance criteria or the donor approving satisfactory progress on a specific program. As such, these grants are not recognized until the Club has met the performance criteria or receiving donor approval of satisfactory progress.

At June 30, 2025, the Club received conditional grants totaling \$12,000,000 (see Note 17). There were no conditional grants at June 30, 2024.

Conditional grant advances of \$399,200 at June 30, 2025, are from one organization and are included in cash and conditional grant advances in the accompanying fiscal year 2025 statement of financial position. This grant will be recognized as revenue when the conditions are met.

17. SUBSEQUENT EVENTS

On September 2, 2025, the Club entered into a \$30,000,000 senior secured bridge loan and a \$1,000,000 secured revolving line of credit with two commercial lenders. The bridge loan is intended to finance a portion of the construction of the Fieldhouse Project and related capital improvements and is secured by a first-priority lien on substantially all assets of the Club, including capital campaign pledges and property and equipment. The revolving line of credit is for general working capital purposes and shares the same collateral. Both facilities mature on September 2, 2030. The loans bear interest, at the Club's option, at either (a) a variable rate based on the Secured Overnight Financing Rate (SOFR) plus an applicable margin of 1.60% per annum, or (b) an alternate base rate (ABR, defined as the highest of the prime rate, Federal funds rate plus 0.50%, or one-month SOFR plus 1.00%) plus a margin of 0.60% per annum. The loans are subject to customary financial and reporting covenants, including minimum net asset requirements and mandatory prepayments from pledge collections and other sources.

In July 2025, the Club received the full \$12,000,000 pertaining to the conditional grant as disclosed in Note 16.