

BOYS & GIRLS CLUBS OF METROWEST, INC.

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022



O'Connor Maloney
CERTIFIED PUBLIC ACCOUNTANTS

**BOYS & GIRLS CLUBS OF METROWEST, INC.
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INDEPENDENT AUDITORS' REPORT

July 18, 2024

The Board of Directors
Boys & Girls Clubs of Metrowest, Inc.

Opinion

We have audited the accompanying financial statements of Boys & Girls Clubs of Metrowest, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys & Girls Clubs of Metrowest, Inc., as of December 31, 2023 and 2022, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Boys & Girls Clubs of Metrowest, Inc. 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 Boys & Girls Clubs of Metrowest, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

O'Connor, Maloney and Company

Certified Public Accountant

BOYS & GIRLS CLUBS OF METROWEST, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS

Current	2023	2022
Cash and Cash Equivalents	1,936,158	1,358,004
Accounts Receivable, Net	55,239	81,134
Grants Receivable	412,503	208,798
Prepaid Expenses	8,481	27,699
Investments	<u>528,323</u>	<u>752,693</u>
Total	<u>2,940,704</u>	<u>2,428,328</u>
Property, Plant and Equipment, Net	<u>1,804,789</u>	<u>1,686,962</u>
Other Assets		
Security Deposits	10,000	10,000
Gift Cards	9,319	4,254
Operating Lease Right-of-Use Asset	<u>152,819</u>	<u>301,506</u>
Total	<u>172,138</u>	<u>315,760</u>
Total Assets	<u><u>4,917,631</u></u>	<u><u>4,431,050</u></u>

LIABILITIES AND NET ASSETS

Current		
Current Portion of Long-Term Debt	58,615	55,901
Current Portion of Right-of-Use Operating Lease Liability	131,867	193,648
Accounts Payable	64,741	25,588
Accrued Expenses	<u>132,667</u>	<u>102,190</u>
Total	<u>387,890</u>	<u>377,327</u>
Noncurrent		
Long-Term Debt, Net	37,344	95,620
Right-of-Use Operating Lease Liability, Net	<u>23,305</u>	<u>110,573</u>
Total	<u>60,649</u>	<u>206,193</u>
Total Liabilities	<u>448,539</u>	<u>583,520</u>
Net Assets		
Without Donor Restrictions		
Undesignated	2,856,865	2,872,960
Board Designated	<u>714,157</u>	<u>634,306</u>
Total	<u>3,571,022</u>	<u>3,507,266</u>
With Donor Restrictions	<u>898,070</u>	<u>340,264</u>
Total	<u>4,469,092</u>	<u>3,847,530</u>
Total Liabilities and Net Assets	<u><u>4,917,631</u></u>	<u><u>4,431,050</u></u>

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF METROWEST, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Program Revenue	1,735,481	179,130	1,914,611	1,495,001	-	1,495,001
Grants	1,791,008	252,312	2,043,320	2,112,556	20,881	2,133,437
Special Events, Net	53,342		53,342	76,272		76,272
Contributions	78,205	132,245	210,450	128,273	100,000	228,273
Capital Campaign	5,000	175,000	180,000	142,927	60,000	202,927
Other Income	4,371		4,371	13,684		13,684
Rental Income	87,557		87,557	65,457		65,457
Investment Return	129,050		129,050	(106,302)		(106,302)
In-Kind Donations	2,500		2,500	1,950		1,950
Gain on Sale of Capital Asset	-		-	600		600
Net Assets Released from Restrictions	180,881	(180,881)	-	184,994	(184,994)	-
Total Support and Revenue	4,067,395	557,806	4,625,201	4,115,412	(4,113)	4,111,299
Expenses						
Program Services	3,343,204		3,343,204	2,977,921		2,977,921
General and Administrative	399,267		399,267	351,910		351,910
Fundraising	261,168		261,168	222,045		222,045
Total Expenses	4,003,639	-	4,003,639	3,551,876	-	3,551,876
Change in Net Assets	63,756	557,806	621,562	563,536	(4,113)	559,423
Net Assets, Beginning	3,507,266	340,264	3,847,530	2,943,730	344,377	3,288,107
Net Assets, Ending	3,571,022	898,070	4,469,092	3,507,266	340,264	3,847,530

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF METROWEST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	General Administration	Fundraising	Total Expenses
Expenses				
Salaries and Related Costs	1,732,970	266,611	222,176	2,221,757
Health and Retirement Benefits	153,250	23,577	19,647	196,474
Payroll Taxes	136,634	21,021	17,517	175,172
Transportation	228,460			228,460
Occupancy	263,893	29,321		293,214
Utilities	159,175	17,686		176,861
Repair and Maintenance	112,890	12,543		125,433
Program Expense	152,966	-		152,966
Interest Expense	5,894	655		6,549
Bad Debt Expense	3,587	-		3,587
Dues and Licensing	42,240	4,693		46,933
General Insurance	22,995	2,555		25,550
Professional Fees	68,387	7,598		75,985
Supplies	22,522	2,502		25,024
Bank and Credit Card Fees	32,898	1,828	1,828	36,554
Training and Professional Development	7,451	392		7,843
Marketing Expense	35,092			35,092
Other Expense	11,530			11,530
Postage Expense	4,014	446		4,460
Travel	3,850	428		4,278
Scholarships	1,693			1,693
Total Expenses Before Depreciation	3,202,391	391,856	261,168	3,855,415
Depreciation	140,813	7,411		148,224
Total	3,343,204	399,267	261,168	4,003,639

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF METROWEST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	General Administration	Fundraising	Total Expenses
Expenses				
Salaries and Related Costs	1,524,573	234,550	195,458	1,954,581
Health and Retirement Benefits	75,069	11,549	9,624	96,242
Payroll Taxes	118,400	18,215	15,179	151,794
Transportation	195,264			195,264
Occupancy	261,770	29,086		290,856
Utilities	153,140	17,016		170,156
Repair and Maintenance	122,917	13,657		136,574
Program Expense	117,870			117,870
Interest Expense	10,374	1,153		11,527
Bad Debt Expense	36,743			36,743
Dues and Licensing	30,467	3,385		33,852
General Insurance	26,168	2,908		29,076
Professional Fees	74,364	8,263		82,627
Supplies	19,945	2,216		22,161
Bank and Credit Card Fees	30,311	1,684	1,684	33,679
Training and Professional Development	15,281	804		16,085
Marketing Expense	16,728			16,728
Other Expense	11,604		100	11,704
Postage Expense	2,266	252		2,518
Travel	3,767	419		4,186
Scholarships	2,584			2,584
Total Expenses Before Depreciation	2,849,605	345,157	222,045	3,416,807
Depreciation	128,316	6,753		135,069
Total	2,977,921	351,910	222,045	3,551,876

See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF METROWEST, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities		
Change in Net Assets	<u>621,562</u>	<u>559,423</u>
Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities:		
Depreciation	148,224	135,069
Net Realized and Unrealized (Gain) Loss on Investments	(98,047)	121,749
Amortization of Right of Use Asset	148,687	2,715
Gain on Sale of Capital Asset	-	(600)
Decrease in Accounts Receivable, Net	25,895	41,101
(Increase) Decrease in Grants Receivable	(203,705)	21,709
(Increase) Decrease in Prepaid Expenses	19,218	(10,519)
Increase in Gift Cards	(5,065)	(1,916)
Increase in Accounts Payable	39,153	16,573
Increase (Decrease) in Accrued Expenses	30,477	(5,847)
Repayments of the Principal Portion of Lease Liabilities	<u>(149,049)</u>	<u>-</u>
Total Adjustments	<u>(44,212)</u>	<u>320,034</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>577,350</u>	<u>879,457</u>
Cash Flows from Investing Activities		
Proceeds from Sale of Capital Asset	-	600
Capital Expenditures	(266,051)	(192,535)
Investment Purchases	-	(263,211)
Proceeds from Sale of Investments	<u>322,417</u>	<u>259,824</u>
Net Cash and Cash Equivalents Provided by (Used in) Investing Activities	<u>56,366</u>	<u>(195,322)</u>
Cash Flows from Financing Activities		
Repayments of Long-Term Debt	<u>(55,562)</u>	<u>(250,583)</u>
Net Cash and Cash Equivalents Used in Financing Activities	<u>(55,562)</u>	<u>(250,583)</u>
Net Increase in Cash and Cash Equivalents	578,154	433,552
Cash and Cash Equivalents, Beginning	<u>1,358,004</u>	<u>924,452</u>
Cash and Cash Equivalents, Ending	<u><u>1,936,158</u></u>	<u><u>1,358,004</u></u>

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

Right-of-Use Asset Received in Exchange for Operating Lease Liability	<u><u>-</u></u>	<u><u>528,625</u></u>
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See accompanying notes to financial statements.

BOYS & GIRLS CLUBS OF METROWEST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 1. Organization

Boys & Girls Clubs of Metrowest, Inc. (the Organization), is a not-for-profit organization whose mission is to utilize community resources to provide educational, physical, and cultural programming to enhance the development of youth. The Organization was incorporated on January 1, 2000, the result of a merger between three not-for-profit entities: Boys & Girls Clubs of Greater Marlborough, Hudson Youth Center, Inc., and Boys & Girls Clubs of Hudson, Inc.

Note 2. Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual method of accounting.

Revenue and the related costs are recorded by the Organization when evidence of an arrangement exists, services have been rendered, the fee is fixed or determinable, and the collection of resulting receivables is reasonably assured.

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

Net assets without donor restrictions – Net assets not subject to donor-imposed stipulations.

The Organization adopted Accounting Standards Codification 842: *Leases*, as of January 1, 2022.

Contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and cash equivalents include cash on-hand and highly liquid investments with maturities of three months or less that are readily convertible to cash.

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were trade accounts receivable.

BOYS & GIRLS CLUBS OF METROWEST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 2. Summary of Significant Accounting Policies (cont.)

The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Account's receivables are stated net of allowance for credit losses in the amount of \$6,962 at both December 31, 2023, and 2022. Accounts receivable, without allowance for credit losses, at December 31, 2023, 2022 and 2021 are \$62,201, \$88,096 and \$129,197, respectively.

Board designated funds may be used for unusual and unforeseen operating and capital needs as recommended by the Finance Committee and subsequently approved by a majority vote of the Board of Directors.

Contributions and grants received are recorded as net assets with donor restrictions or net assets without donor restriction depending upon the existence and nature of any donor restrictions. Contributions may include actual gifts or promises to give. Such contributions are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Contributions of assets other than cash are recorded at their fair value on the date of the gift. Restricted gifts or promises to give are required to be reported as restricted support in the period received and are then reclassified to net assets without donor restrictions upon satisfaction of the donor restriction. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recognized when the conditions on which they depend are substantially met.

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support and revenues and expenses. Actual results could vary from the estimates that were used.

Investments are stated at fair market value, and, accordingly, realized and unrealized gains or losses are recognized in the period in which the fluctuations occur. Purchased investments are initially recorded at cost as of the trade date and donated investments at fair value at the date of receipt.

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Property, Plant and Equipment are stated at cost, or in the case of donated property, at fair value at the date of gift, and depreciated on the straight-line method over the estimated useful lives of the assets. The Organization capitalizes assets over \$2,500 with an estimated useful life of more than one year.

BOYS & GIRLS CLUBS OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 2. Summary of Significant Accounting Policies (cont.)

Contributed nonfinancial assets include in-kind contributions which are recorded at the respective estimated fair values of the goods or services received. The Organization does not sell donated gifts-in-kind. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is required. Donors may deduct contributions made to the Organization within the Internal Revenue Code regulations. Management does not believe the Organization's financial statements contain any uncertain tax positions. Generally, the Organization's tax returns are subject to examination for a period of three years.

Note 3. Grants Receivable

Grants Receivable consist of unconditional promises scheduled to be received in less than one year.

Note 4. Investments

Investments are recorded at fair value determined from quoted market prices. Unrealized gains and losses are allocated to net assets without donor restrictions. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Organization uses various valuation approaches. U.S. generally accepted accounting principles establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

BOYS & GIRLS CLUBS OF METROWEST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 4. Investments (cont.)

Level 2 – Valuations based on quoted prices in the markets that are not active or for which all significant inputs are observable, either directly or indirectly. The Organization held no Level 2 investments at December 31, 2023 and 2022.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The Organization held no Level 3 investments at December 31, 2023 and 2022.

All the Organization’s investments are categorized as Level 1 under the above hierarchy.

The following is a summary of fair values of investments at December 31, 2023:

Level 1	
Mutual Funds	<u>528,323</u>

The following is a summary of fair values of investments at December 31, 2022:

Level 1	
Mutual Funds	<u>752,693</u>

The following is a summary of the components of investment return:

	2023	2022
Interest and Dividends	31,004	13,419
Unrealized Gain/(Loss)	78,236	(121,749)
Realized Gain	<u>19,810</u>	<u>2,028</u>
Total	<u>129,050</u>	<u>(106,302)</u>

BOYS & GIRLS CLUBS OF METROWEST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 5. Property, Plant and Equipment

	2023	2022
Property, Plant and Equipment consists of:		
Land	267,398	267,398
Buildings	1,635,264	1,635,264
Leasehold Improvements	1,816,769	1,572,868
Equipment and Furniture	705,917	683,767
Software	148,814	148,814
Vehicles	113,719	113,719
Total	4,687,881	4,421,830
Less: Accumulated Depreciation	2,883,092	2,734,868
Net	1,804,789	1,686,962

Depreciation expense for the years ended December 31, 2023 and 2022 was \$148,224 and \$135,069, respectively.

Note 6. Retirement Plan

The Organization maintains a defined contribution plan as an affiliate of the Boys & Girls Club of America Pension Plan to provide retirement benefits to eligible employees. The Organization makes contributions of 5% of employee compensation each year and has a six-year vesting schedule. The Organization's contributions totaled \$56,313 for 2023 and \$11,258 for 2022.

Note 7. Line of Credit

The Organization can borrow under a line of credit agreement of up to \$150,000 which would be due on demand. Interest is payable monthly at the Wall Street Journal Prime plus .25% (8.75% at December 31, 2023). The line is secured by the investments of the Organization amounting to \$360,627 and \$315,319 at December 31, 2023 and 2022, respectively. There were no amounts outstanding on the line of credit as of December 31, 2023 and 2022.

BOYS & GIRLS CLUBS OF METROWEST, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 8. Long-Term Debt

	2023	2022
Long-Term Debt consists of:		
\$1,150,000 mortgage payable to a bank, due in monthly installments of \$5,176, including interest at 4.75%, through October 2029. The note is secured by real estate.	97,504	153,505
	<hr/>	<hr/>
	97,504	153,505
Less: Unamortized Debt Issuance Cost	1,545	1,984
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	95,959	151,521
Less: Current Portion	58,615	55,901
	<hr/>	<hr/>
Net	<u>37,344</u>	<u>95,620</u>

Following are maturities of long-term debt for each of the next two years:

2024	58,615
2025	37,344
	<hr/>
Total	<u>95,959</u>

Interest paid on all obligations totaled \$6,549 and \$11,527 in 2023 and 2022, respectively.

Note 9. Net Assets With Donor Restrictions

At December 31, net assets with donor restrictions were available for the following:

	2023	2022
Teen Outreach-Recreation, Child Development and Physical Education Activities, Staff Development, Technology Development and STEM Programming	244,375	50,000
Property Plant and Equipment	-	60,000
Capital Campaign and Scholarship	184,383	9,383
Time Restriction	369,312	120,881
Permanently Restricted – Reardon Trust	100,000	100,000
	<hr/>	<hr/>
Total	<u>898,070</u>	<u>340,264</u>

BOYS & GIRLS CLUBS OF METROWEST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 10. Net Assets Released from Restrictions

Net assets were released from donor restrictions by satisfying the restricted purposes specified by donors as follows:

	2023	2022
Purpose of restriction accomplished:		
Capital Campaign and Scholarships	-	5,000
Teen Outreach-Recreation, Child Development and Physical Education Activities, Staff Development	-	20,000
Property Plant and Equipment	60,000	10,681
Satisfaction of Time Restrictions:		
Grants Receivable	<u>120,881</u>	<u>149,313</u>
Total	<u><u>180,881</u></u>	<u><u>184,994</u></u>

Note 11. Operating Leases

The Organization leases its Framingham location under a noncancelable operating lease that originally expired in June 2020, but has been extended through June 2024. The lease calls for minimum monthly lease payments of \$5,500 per month through June 30, 2019, \$6,000 per month from July 1, 2019 through December 31, 2019, \$6,800 per month from January 1, 2020 through June 30, 2020, \$7,000 per month from July 1, 2020 through June 30, 2021, \$7,100 per month from July 1, 2021 through June 30, 2022, \$7,275 from July 1, 2022 through June 30, 2023 and \$7,493 from July 1, 2023 through June 30, 2024.

The Organization leases space at various Marlborough Public Schools for their programs under a noncancelable operating lease that expires in June 2024. The lease calls for minimum monthly lease payments of \$10,831 per month through June 30, 2021, \$11,102 per month from July 1, 2021 through June 30, 2022, \$11,379 per month from July 1, 2022 through June 30, 2023, and \$11,664 from July 1, 2023 through June 30, 2024.

The Organization also leases office equipment under a noncancelable operating lease that expires in March 2026. The lease calls for contingent rental payments based on usage in excess of stipulated amounts.

BOYS & GIRLS CLUBS OF METROWEST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 11. Operating Leases (cont.)

The weighted-average discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term. Operating leases with a term of 12 months or less are not recorded on the statement of financial position.

Total right-of-use asset and lease liabilities at December 31, 2023 and 2022 are as follows:

	2023	2022
Lease Assets-Classification in Statement of Financial Position:		
Operating Lease Right-of-Use	<u>152,819</u>	<u>301,506</u>

Lease Liabilities-Classification in Statement of Financial Position:

Operating Lease Liabilities	<u>155,172</u>	<u>304,221</u>
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	2023	2022
Operating Lease Costs:		
Minimal Rentals	226,504	221,135
Contingent Rentals	<u>19,068</u>	<u>18,996</u>
Total Short-term Lease Costs	<u>245,572</u>	<u>240,131</u>

Weighted-Average Discount Rate:

Operating leases	3.88%
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Weighted-average remaining lease term:

Operating lease	0.96
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Future minimum rental receipts under these lease agreements are as follows for the years ending:

2024	134,009
2025	19,068
2026	<u>4,768</u>
Total Lease Payment	157,845
Less: Imputed Interest	<u>(2,673)</u>
Present Value of Liability	<u>155,172</u>

	2023	2022
Operating Cash Flows from Operating Leases	<u>245,572</u>	<u>240,131</u>

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Note 12. Commitments and Contingencies

During August 2023, the Organization entered into an agreement with a transportation company for bussing that expires in June 2024. The monthly fee is \$15,120, the agreement is only cancelable if the transportation company does not fulfill their obligations.

Note 13. Concentration

The Organization has financial instruments, consisting primarily of cash, which potentially expose the Organization to concentrations of credit and market risk. Cash is held at local banks. The Organization has not experienced any losses on its cash. In the ordinary course of business, the Organization has, at various times, cash deposits with a bank which are in excess of federally insured limits.

Note 14. Related Party Transaction

The Organization is a member of the MA Alliance of Boys & Girls Clubs and Boys and Girls Clubs of America and pays annual dues for this membership, which amounted to \$17,659 and \$17,213 during 2023 and 2022, respectively.

Note 15. Operating Liquidity

Financial assets available for use by the Organization within one year from the statement of financial position date are as follows:

	2023
Cash	1,936,158
Receivables	467,742
Investments	528,323
	<u>2,932,223</u>
Liquidity Reserves:	
Line of Credit	<u>150,000</u>
Donor Imposed Restrictions	(898,070)
Board Designated Net Assets	<u>(714,157)</u>
	<u>(1,612,227)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>1,469,996</u></u>

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Note 16. Subsequent Events

The Organization has evaluated all material subsequent events from the end of the fiscal year through July 18, 2024, the date the financial statements were available to be issued.

In June 2024, the Organization extended their lease agreement with Marlborough Public Schools for an additional four year period commencing on July 1, 2024 and ending June 30, 2028.