Boys & Girls Clubs of Greater Kansas City

Financial Report
December 31, 2023

Contents

Independent Auditor's Report

Board of Directors
Boys & Girls Clubs of Greater Kansas City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Boys & Girls Clubs of Greater Kansas City (the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 the Organization as of December 31, 2023 and 2022, and 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 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 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 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 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 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.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2024, 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.

RSM US LLP

Kansas City, Missouri
July 18, 2024

Boys & Girls Clubs of Greater Kansas City

Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents:		
Operating	$ 153,988	$ 576,607
Designated cash	411,603	98,276
Cash reserves	1,982,684	1,713,200
Cash restricted for capital improvements	1,087,246	536,490
Certificates of deposit	864,790	1,074,291
Total cash and cash equivalents	4,500,311	3,998,864
Investments, at fair value	2,242,220	1,752,247
Promises to give, net	1,203,962	120,191
Grants and other receivables	511,621	658,027
Employee retention credit receivable	1,666,443	-
Promises to give, net, restricted for capital campaign	72,579	344,011
Property and equipment, net	11,956,261	12,250,618
Right-of-use operating lease asset, net	794,307	993,865
Other assets	258,066	102,097
Total assets	$ 23,205,770	$ 20,219,920
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 610,216	$ 466,590
Other deferred revenue	530,783	366,938
Operating lease liability	850,606	1,050,568
Total liabilities	1,991,605	1,884,096
Net assets:		
Without donor restrictions:		
Undesignated	16,413,716	14,832,396
Board-designated	1,813,739	1,395,074
Total without donor restrictions	18,227,455	16,227,470
With donor restrictions	2,986,710	2,108,354
Total net assets	21,214,165	18,335,824
Total liabilities and net assets	$ 23,205,770	$ 20,219,920

See notes to financial statements.

Boys & Girls Clubs of Greater Kansas City

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	$ 3,220,824	$ 1,088,505	$ 4,309,329
Government grants	5,087,300	-	5,087,300
Special events:			
Gross revenue	2,661,353	-	2,661,353
Cost of direct benefits to donors	(1,036,824)	-	(1,036,824)
Net special event income	1,624,529	-	1,624,529
Membership dues	126,176	-	126,176
Rental income	316,969	-	316,969
Investment gain (loss), net	469,103	(126,346)	342,757
Summer school	309,022	-	309,022
Employee retention credits	1,666,443	-	1,666,443
Gain on insurance proceeds	299,269	-	299,269
Other income	231,858	-	231,858
Net assets released from restrictions	83,803	(83,803)	-
	3,502,643	(210,149)	3,292,494
Total support and revenue	13,435,296	878,356	14,313,652
Expenses:			
Program services	8,983,742	-	8,983,742
Supporting services:			
Fundraising	877,442	-	877,442
Management and general	1,574,127	-	1,574,127
Total supporting services	2,451,569	-	2,451,569
Total expenses	11,435,311	-	11,435,311
Change in net assets	1,999,985	878,356	2,878,341
Net assets, beginning of year	16,227,470	2,108,354	18,335,824
Net assets, end of year	$ 18,227,455	$ 2,986,710	$ 21,214,165

See notes to financial statements.

Boys & Girls Clubs of Greater Kansas City

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	$ 3,064,724	$ 351,350	$ 3,416,074
Government grants	3,494,677	-	3,494,677
Special events:			
Gross revenue	2,925,924	-	2,925,924
Cost of direct benefits to donors	(921,667)	-	(921,667)
Net special event income	2,004,257	-	2,004,257
Membership dues	101,431	-	101,431
Rental income	315,508	-	315,508
Investment loss, net	(287,381)	(120,305)	(407,686)
Summer school	426,257	-	426,257
Other income	312,184	-	312,184
Net assets released from restrictions	753,347	(753,347)	-
	1,621,346	(873,652)	747,694
Total support and revenue	10,185,004	(522,302)	9,662,702
Expenses:			
Program services	7,725,507	-	7,725,507
Supporting services:			
Fundraising	891,306	-	891,306
Management and general	1,326,482	-	1,326,482
Total supporting services	2,217,788	-	2,217,788
Total expenses	9,943,295	-	9,943,295
Change in net assets	241,709	(522,302)	(280,593)
Net assets, beginning of year	15,985,761	2,630,656	18,616,417
Net assets, end of year	$ 16,227,470	$ 2,108,354	$ 18,335,824

See notes to financial statements.

Boys & Girls Clubs of Greater Kansas City

Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Salaries	$ 4,185,844	$ 842,004	$ 533,753	$ 5,561,601
Employee benefits	670,010	198,900	150,745	1,019,655
Occupancy	1,700,986	65,284	47,436	1,813,706
Depreciation	863,302	37,535	37,535	938,372
Professional fees	239,163	272,959	27,351	539,473
Food and beverage	601,902	596	1,502	604,000
Supplies	315,704	37,666	2,194	355,564
Dues and contributions	-	38,906	5,588	44,494
Transportation	213,839	7,436	6,738	228,013
Postage	2,124	2,934	1,940	6,998
Equipment rental/maintenance	20,615	4,368	4,155	29,138
Marketing and advertising	2,154	1,177	52,545	55,876
Interest, bank and credit card fees	-	47,862	256	48,118
Telephone and communication	45,334	1,971	1,971	49,276
Training	88,963	13,964	3,733	106,660
Miscellaneous	33,802	565	-	34,367
Total expenses included in expense section on the statement of activities	8,983,742	1,574,127	877,442	11,435,311
Expenses included with revenues on the statement of activities	-	-	1,036,824	1,036,824
Total expenses	$ 8,983,742	$ 1,574,127	$ 1,914,266	$ 12,472,135

See notes to financial statements.

Boys & Girls Clubs of Greater Kansas City

Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Salaries	$ 3,423,172	$ 678,988	$ 550,779	$ 4,652,939
Employee benefits	616,368	176,232	168,171	960,771
Occupancy	1,552,807	66,782	45,045	1,664,634
Depreciation	794,495	34,543	34,543	863,581
Professional fees	244,663	156,581	10,420	411,664
Food and beverage	509,283	6,444	1,790	517,517
Supplies	196,840	50,340	4,806	251,986
Dues and contributions	1,853	61,464	3,638	66,955
Transportation	208,823	11,663	8,231	228,717
Postage	1,856	2,057	1,779	5,692
Equipment rental/maintenance	20,578	2,577	1,867	25,022
Marketing and advertising	2,937	5,732	53,797	62,466
Interest, bank and credit card fees	444	56,186	84	56,714
Telephone and communication	46,478	5,846	3,409	55,733
Training	90,817	10,053	2,947	103,817
Miscellaneous	14,093	994	-	15,087
Total expenses included in expense section on the statement of activities	7,725,507	1,326,482	891,306	9,943,295
Expenses included with revenues on the statement of activities	-	-	921,667	921,667
Total expenses	$ 7,725,507	$ 1,326,482	$ 1,812,973	$ 10,864,962

See notes to financial statements.

Boys & Girls Clubs of Greater Kansas City

Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ 2,878,341	$ (280,593)
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation	938,372	863,581
Net realized and unrealized losses on investments	248,824	321,942
Gain on insurance proceeds	(299,269)	-
(Increase) decrease in:		
Promises to give	(812,339)	444,185
Grants and other receivables	146,406	(51,698)
Employee retention credit receivable	(1,666,443)	-
Right-of-use operating lease asset, net	199,558	307,595
Other assets	(155,969)	102,906
Increase (decrease) in:		
Deferred rent	-	(40,392)
Other deferred revenue	163,845	(174,118)
Accounts payable and accrued expenses	143,626	4,681
Operating lease liability	(199,962)	(250,892)
Net cash provided by operating activities	1,584,990	1,247,197
Cash flows from investing activities:		
Purchases of investments	(1,009,118)	(87,815)
Proceeds from sale of investments	270,321	83,337
Proceeds from insurance claim	299,269	-
Purchase of property and equipment	(644,015)	(696,380)
Net cash used in investing activities	(1,083,543)	(700,858)
Net change in cash and cash equivalents	501,447	546,339
Cash and cash equivalents, beginning of year	3,998,864	3,452,525
Cash and cash equivalents, end of year	$ 4,500,311	$ 3,998,864
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 3,413,065	$ 3,462,374
Restricted cash (assets restricted for long-term purposes or from capital campaigns)	1,087,246	536,490
Total cash, cash equivalents and restricted cash	$ 4,500,311	$ 3,998,864
Supplemental cash flow information:		
Interest paid	$ -	$ 648
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows—payments on operating leases	$ 313,899	$ 241,288
Right-of-use assets obtained in exchange for new lease obligations:		
Operating leases	$ 92,913	$ 781,996

See notes to financial statements.

Note 1. Organization and Summary of Significant Accounting Policies

Organization: Boys & Girls Clubs of Greater Kansas City (the Organization) is a Missouri nonprofit corporation organized to promote educational, vocational, social, character and leadership development of youth. The aim is to help young people improve their lives by building self-esteem and developing values and skills during critical periods of growth. The Organization's donors and program participants are mainly located in the Kansas City, Missouri, metropolitan area's toughest neighborhoods, serving nearly 8,000 great kids ages five to 18 from disadvantaged situations. The long-term goal of the Organization's programs is to ensure members have the skills they need to graduate high school and pursue college, vocational training or a career. The Organization's comprehensive programs fall into four core areas: education and career development, including the arts; public speaking, character and leadership development; healthy lifestyles and technology. The Organization has programs available during the school year as well as in the summer. In the summer, the Organization is open more hours of the day, including contracting with the local school districts to expand certain programs using certified teachers.

Advertising: The Organization expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2023 and 2022, were $55,876 and $62,466, respectively.

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

Cash and cash equivalents: For purposes of the statements of cash flows, cash consists of cash, cash restricted for long-term purposes or from capital campaigns, cash designated for maintenance reserve, noninterest-bearing checking accounts and short-term money market investments with current maturities of three months or less.

Certificates of deposit: The Organization holds various certificates of deposit of approximately $865,000 and $1,075,000 at December 31, 2023 and 2022, respectively. The certificates of deposit are carried at cost in the statements of financial position, having an original maturity of 210 days and interest rates ranging from 2.0% to 5.1% and 1.20% to 2.25% at December 31, 2023 and 2022, respectively. One of the certificates of deposit matured during the year ended December 31, 2023.

Financial risk: The Organization maintains its cash in demand deposits with commercial banks and money market funds with financial institutions which, at times, exceed federally insured limits. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to the Organization. However, the Organization has not experienced any such losses in the past and does not believe it is exposed to any significant financial risk on these cash balances.

The Organization also invests funds in a professionally managed portfolio that contains various types of marketable securities, as detailed in Note 3. Such investments are exposed to market and credit risks. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

Donated goods and services: A substantial number of volunteers have donated thousands of hours of their time during the years ended December 31, 2023 and 2022, which do not meet the requirements of contributions under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605 and, accordingly, are not recorded in these financial statements. Donated use of facilities, materials and services and assets are reflected as contributions at their estimated fair value at the date of receipt. No significant contributions of such goods or services were received during the years ended December 31, 2023 and 2022.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Estimates: The preparation of financial statements in conformity 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.

Functional expenses: The Organization allocates expenses on a functional basis among the various programs and supporting services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management's estimate of resources devoted to the program or supporting service, requiring allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits, occupancy and depreciation, which are allocated on the basis of estimates of time and effort.

Grants and other receivables: Grants and other receivables are stated at the amount management expects to collect from outstanding balances. The allowance for credit losses is the Organization's best estimate of the amount of probable credit losses in the Organization's existing accounts receivable and is based upon historical loss patterns, the number of days that billings are past due, and an evaluation of the potential risk of loss associated with specific accounts. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Provisions for allowances for credit losses are recorded in management and general expense. There was no allowance recorded at December 31, 2023 or 2022.

Employee retention credit income: The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provides an employee retention credit (ERC), which is a refundable tax credit against certain employment taxes of up to $5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at $10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps of these credits through December 31, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter and the limit on qualified wages per employee has been increased to $10,000 of qualified wages per quarter.

The Organization qualified for the ERC. During the year ended December 31, 2023, the Organization recorded $1,666,443 of income related to the ERC and is reflected within revenue on the statement of activities for the year ended December 31, 2023. At December 31, 2023, the Organization has recorded a receivable of $1,666,443 from the United States government related to the ERC on the Organization's statements of financial position. As of July 18, 2024, the Organization has not received any of the receivable balance.

Income taxes: The Organization is classified as tax-exempt under section 501(c)(3) of the Internal Revenue Code (the Code) and does not incur income taxes. In addition, the Organization has been classified as a publicly supported organization, which is not a private foundation within the meaning of section 509(a)(1) of the Code.

The Organization has adopted ASC 740-10 as it might apply to the Organization's financial transactions. The Organization's policy is to record a liability for any tax position that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not that the position taken by management with respect to the transaction or class of that transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2023 and 2022, and, accordingly, no liability has been accrued.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at fair value. Unrealized gains and losses are included in investment gain (loss), net in the accompanying statements of activities. The Organization reports investment return restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

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

Net assets without donor restrictions: Net assets are available for use in general operations and not subject to donor or certain grantor restrictions. They also include any designations by the governing board.

Net assets with donor restrictions: Net assets are subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Promises to give: The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumption that market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities.

Management determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At December 31, 2023 and 2022, no allowance was considered to be needed.

Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. There were no conditional promises to give for the years ended December 31, 2023 or 2022.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Property and equipment: Property and equipment is stated at cost at the date of acquisition or fair value at date of donation, over a nominal amount, in the case of gift. If donors stipulate how long the assets must be used, the contributions are recorded as donor-restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as net assets without donor restrictions. All expenses greater than $5,000 will be capitalized. Maintenance and repairs are charged to expense as incurred. When an item of property or equipment is sold or retired, the related cost is removed from the accounts and any gain or loss is included in the results of operations. Depreciation is provided over the estimated useful lives of the respective assets on the straight-line basis. Lives for depreciation are as follows:

Property and Equipment	Useful Lives
Buildings and improvements	10-30 years
Furniture and equipment	3-10 years
Vehicles	3-5 years

Revenue recognition: The Organization earns revenues predominantly through contributions, government grants and special events. The FASB issued Accounting Standards Update 2014-19, *Revenue from Contracts with Customers (Topic 606).* This requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to the customers. The standard replaced most existing revenue recognition guidance under U.S. GAAP. This standard also requires expanded disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. Due to the nonreciprocal nature of contributions and the Organization's current government grants, these revenue streams are not considered contracts with customers and, therefore, do not fall under the guidance of ASC 606. See below for additional disclosures.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Contributions of assets other than cash are recorded at their estimated fair value as of the date of the contribution. Contributions to be received after one year are discounted with an appropriate discount rate commensurate with the risks involved. The Organization's revenue is also derived from federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures in compliance with specific contract or grant provisions.

Revenue from contracts with customer is derived primarily from tickets and sponsorships purchased for special events. The related performance obligation is satisfied at a point in time when the event occurs.

For the years ended December 31, 2023 and 2022, gross special event revenue was $2,661,353 and $2,925,924, respectively. Amounts received for special events are deferred to the applicable period in which the related event occurs and are classified as liabilities on the statements of financial position. At December 31, 2023 and 2022, there was approximately $425,000 and $283,000, respectively, of deferred revenue related to special events. There were no associated accounts receivable for special events as of December 31, 2023 and 2022.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Leases (The Organization as Lessee): The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization recognizes most leases on its statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the income statement.

The Organization made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of ASC Topic 842, Leases). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Organization has made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The nonlease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Leases (The Organization as Lessor): The Organization leases primarily office and education building space to various tenants. These leases may contain extension and termination options that are predominantly at the sole discretion of the lessee, provided certain conditions are satisfied.

Lease components are elements of an arrangement that provide the customer with the right to use an identified asset. Nonlease components are distinct elements of a contract that are not related to securing the use of the leased asset and revenue is recognized in accordance with ASC 606, Revenue from Contracts with Customers. The Organization considers variable expenses relating to the building to be nonlease components because they represent delivery of a separate service but are not considered a cost of securing the identified asset. In the case of the Organization’s business, the identified asset would be the leased real estate.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

The Organization assessed and concluded that the timing and pattern of transfer for nonlease components and the associated lease component are the same. The Organization determined that the predominant component was the lease component and as such its leases will continue to be accounted for as operating leases and the Organization has made a policy election to account for and present the lease component and the nonlease component as a single component in the revenue section of the statements of activities within rental income.

Uncollectible lease receivables and allowances for uncollectible lease receivables: The Organization may carry current and deferred rent receivables net of allowances for amounts that may not be collected. These allowances are increased or decreased through rental income, and determination of the adequacy of the Organization’s allowances for lease receivables includes an assessment of whether or not substantially all of the amounts due under a tenant’s lease agreement are probable of collection. Such assessment involves using a methodology that incorporates a specific identification analysis and an aging analysis and considers the current economic and business environment. This determination requires significant judgment and estimates about matters that are uncertain at the time the estimates are made, including the creditworthiness of specific lessees, specific industry trends and conditions, and general economic trends and conditions. For leases that are deemed probable of collection, revenue continues to be recorded on a straight-line basis over the lease term. For leases that are deemed not probable of collection, revenue is recorded as the lesser of: (i) the amount which would be recognized on a straight-line basis or (ii) cash that has been received from the lessee, including deferred revenue, with any lease receivable balances charged as a direct write-off against rental income in the period of the change in the collectability determination. If the collectability determination subsequently changes to being probable of collection for leases for which revenue is recorded based on cash received from the lessee, the Organization resumes recognizing revenue, including deferred revenue, on a straight-line basis and recognize incremental revenue related to the reinstatement of cumulative deferred lease receivable and deferred revenue balances, as if revenue had been recorded on a straight-line basis since the inception of the lease.

For deferred lease receivables associated with leases whose rents are deemed probable of collection, the Organization may record an allowance under other authoritative generally accepted accounting principles using a methodology that incorporates a specific identification analysis and an aging analysis and considers the current economic and business environment. This determination requires significant judgment and estimates about matters that are uncertain at the time the estimates are made, including the creditworthiness of specific lessees, specific industry trends and conditions, and general economic trends and conditions. Tenant and deferred lease receivables deemed probable of collection are carried net of allowances for uncollectible accounts with increases or decreases in the allowances recorded through rental income on the Organization’s statements of activities.

Current lease receivables may consist primarily of amounts due for contractual lease payments and reimbursements of certain expenses, property taxes, and other costs recoverable from lessees. There is no lease receivable recorded as of December 31, 2023 or 2022. With respect to the allowance for uncollectible lease receivables, the specific-identification methodology analysis relies on factors such as the age and nature of the receivables, the payment history and financial condition of the lessee, the Organization’s assessment of the lessee’s ability to meet its lease obligations and the status of negotiations of any disputes with the lessee. There was no allowance for lease receivables recorded as of December 31, 2023 or 2022.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Deferred rent receivables represent the amount by which the cumulative straight-line rental revenue recorded to date exceeds cash rents billed to date under the lease agreement. With respect to the allowance for deferred lease receivables, given the longer-term nature of these receivables, the specific-identification methodology analysis evaluates each of the Organization's significant lessees and any lessees on the Organization's internal watchlist and relies on factors such as each lessee's financial condition and its ability to meet its lease obligations. The Organization evaluates reserve levels quarterly based on changes in the financial condition of lessees and assessment of the lessee's ability to meet its lease obligations, overall economic conditions and the current business environment.

Subsequent events: The Organization has evaluated subsequent events through July 18, 2024, the date on which the financial statements were available to be issued.

Note 2. Liquidity and Availability of Resources

The Organization regularly monitors liquidity to meet its annual operating needs and other commitments while also striving to maximize the return on investment of their funds not required for annual operations. As of December 31, 2023 and 2022, the following financial assets are available to meet annual operating needs of the 2023 and 2022 fiscal years, respectively:

	2023	2022
Assets at year-end:		
Cash and cash equivalents	$ 565,591	$ 674,883
Certificates of deposit, at cost	864,790	1,074,291
Investments, at fair value	2,242,220	1,752,247
Promises to give, net	1,203,962	120,191
Grants and other receivables, no allowance for doubtful accounts	511,621	658,027
Employee retention credit receivable	1,666,443	-
Board-designated reserves	1,982,684	1,713,200
Cash restricted for capital improvements	1,087,246	536,490
Promises to give, net, restricted for capital campaign	72,579	344,011
Property and equipment, net	11,956,261	12,250,618
Right-of-use operating lease asset, net	794,307	993,865
Other assets	258,066	102,097
Total assets	23,205,770	20,219,920
Less amounts not available to be used within one year:		
Nonfinancial assets:		
Prepaid expense	258,066	102,097
Property and equipment, net	11,956,261	12,250,618
Right-of-use operating lease asset, net	794,307	993,865
Total assets	13,008,634	13,346,580
Contractual or donor-imposed restrictions:		
Promises to give, net, restricted for capital campaign	72,579	344,011
Cash restricted for capital improvements	1,087,246	536,490
Assets held in perpetuity	6,683	6,683
Assets held in escrow	90,963	1,172,567
Investments donor-restricted for scholarships	614,487	527,397
Total contractual or donor-imposed restrictions	1,871,958	2,587,148
Board reserve and foundation funds not authorized for expenditure within one year:		
Investments Board-designated for scholarships	1,342,282	1,023,827
Total Board-designated not authorized for expenditure within one year	1,342,282	1,023,827
Financial assets not available to be used within one year	16,222,874	16,957,555
Financial assets available to meet general expenditures within one year	$ 6,982,896	$ 3,262,365

Note 2. Liquidity and Availability of Resources (Continued)

The Organization receives significant contributions restricted by donors and consider contributions restricted for programs which are ongoing, major and central to their annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has cash flow fluctuations with heavy receipts in the first and fourth quarters of the calendar year, while the expenses are heaviest in the second and third quarters. In order to meet these ongoing needs, the Organization has a reserve fund and a line of credit to draw upon during any shortfalls. These resources are approximately 30% of the Organization's operating budget.

Note 3. Fair Value Measurements of Assets and Liabilities

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three-tier hierarchy of inputs is summarized in the three broad levels below:

Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes.

Level 2: Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data.

Level 3: Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

Fair value on a recurring basis: The tables below present the balances of assets measured at fair value on a recurring basis at December 31, 2023 and 2022:

	2023			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	$ 49,953	$ -	$ -	$ 49,953
Mutual funds—equity	2,041,198	-	-	2,041,198
Common stocks	50,567	-	-	50,567
U.S. government obligations	-	40,169	-	40,169
Beneficial interest in community foundation	-	60,333	-	60,333
	$ 2,141,718	$ 100,502	$ -	$ 2,242,220

Note 3. Fair Value Measurements of Assets and Liabilities (Continued)

	2022			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	$ 46,558	$ -	$ -	$ 46,558
Mutual funds—equity	966,385	-	-	966,385
Mutual funds—fixed income	683,756	-	-	683,756
Beneficial interest in community foundation	-	55,548	-	55,548
	$ 1,696,699	$ 55,548	$ -	$ 1,752,247

The fair value of investments in pooled equity investments and pooled fixed-income funds is based on their reported net asset values (NAV) per share as a practical expedient. The funds that the Organization has invested in these accounts may be liquidated upon request and are thus classified as Level 2.

The following is a description of the valuation methodology used for Level 2 fair value measurements. There have been no changes in the methodology used for the years ended December 31, 2023 and 2022.

Beneficial interest in community foundation: NAV is provided by the community foundation, taking into account the Organization's proportionate net asset share in investment pools. The value of the pools is derived from the fair value of investments within those pools, which are valued using a combination of various methodologies depending upon the type of investment within the pool. As allowed by ASC 820-10-35-54B, the entire interest is classified within Level 2 of the fair value hierarchy as the Organization has the ability to immediately redeem their investment in the beneficial interest in assets held by others in the near term, as a request to liquidate the entire balance of the beneficial interest could take up to only 90 days to liquidate the balance.

Note 4. Promises to Give

Promises to give consisted of the following unconditional promises to give at December 31, 2023 and 2022:

	2023	2022
Capital campaign	$ 75,250	$ 346,708
Restricted to future periods	1,294,000	134,000
	1,369,250	480,708
Less unamortized discount	(92,709)	(16,506)
Total promises to give, net	$ 1,276,541	$ 464,202
Amounts due in:		
Less than one year	$ 807,750	$ 391,500
One to five years	561,500	89,208
Total	$ 1,369,250	$ 480,708

Discount rates ranged from 1.25% to 5.29% and 1.24% to 4.30% for the years ended December 31, 2023 and 2022, respectively.

There were no conditional promises to give as of December 31, 2023 and 2022.

Note 5. Grants and Other Receivables

Grants and other receivables consisted of the following at December 31, 2023 and 2022:

	2023	2022
Summer school program	$ 154,512	$ 151,134
Government grants	271,428	276,271
Other receivables	85,681	230,622
Total grants and other receivables	$ 511,621	$ 658,027

Note 6. Property and Equipment

Property and equipment includes the following at December 31, 2023 and 2022:

	2023	2022
Land and land improvements	$ 1,063,070	$ 1,063,070
Buildings and improvements	28,164,107	27,879,056
Furniture and equipment	2,113,943	1,754,980
Vehicles	356,506	382,308
	31,697,626	31,079,414
Accumulated depreciation	(19,741,365)	(18,828,796)
Total property and equipment	$ 11,956,261	$ 12,250,618

Total depreciation expense was $938,372 and $863,581 for the years ended December 31, 2023 and 2022, respectively.

Note 7. Line of Credit

The Organization has a $750,000 line of credit with a financial institution, secured by property and equipment. Borrowings under the line bear interest at the UMB Bank prime rate (8.5% at December 31, 2023). The variable rate resets at the beginning of each calendar quarter. All outstanding principal and interest was due upon maturity at June 5, 2020, and subsequently renewed with a maturity date of September 30, 2024, with no other terms changed.

Note 8. Commitments and Contingencies

On March 27, 2020, the CARES Act was signed into law and is meant to address the economic fallout from the coronavirus pandemic. In connection, the Organization received a Small Business Administration (SBA) Paycheck Protection Program (PPP) loan for $832,000 in April 2020, which was forgiven by the SBA in November 2020. Proceeds from this loan were used for the retention of employees and maintaining payroll. The PPP loan is subject to an audit for up to six years following the date of loan forgiveness, at which time a refund of all or a portion of the PPP loan may be required.

Note 9. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2023 and 2022:

	2023	2022
Held in perpetuity:		
Scholarships for club memberships and college	$ 6,683	$ 6,683
Time-restricted:		
Promises to give	1,203,962	120,191
	1,203,962	120,191
Time- and purpose-restricted:		
Capital campaign—legacy	72,579	344,011
	72,579	344,011
Purpose-restricted:		
Scholarships for club memberships and college	614,487	527,397
General operations and salaries	161,068	589,659
Program	157,500	-
Capital campaign—legacy	770,431	520,413
	1,703,486	1,637,469
Total net assets with donor restrictions	$ 2,986,710	$ 2,108,354

The sources of net assets released from net assets with donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of events specified by the donors were as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Funds restricted for capital campaign	$ 83,803	$ 753,347
Net assets released from restrictions	$ 83,803	$ 753,347

Note 10. Board-Designated Net Assets

Board-designated net assets consist of the following as of December 31, 2023 and 2022:

	2023	2022
Organizational expenses	$ 1,342,282	$ 1,023,827
Operating reserve	90,963	98,276
Replacement reserves and deposits held for others	380,494	272,971
Total board-designated net assets	$ 1,813,739	$ 1,395,074

Note 11. Endowments

The Organization's endowment consists of a donor-restricted fund and a board-designated fund, both held for the purpose of providing membership dues and college scholarships. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 11. Endowments (Continued)

The Organization's board of directors has interpreted the Missouri-enacted version of Uniform State Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2023 and 2022, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity: (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund

2. The purposes of the organization 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 organization

7. The investment policies of the organization

Endowment net asset composition by type of fund as of December 31, 2023 and 2022, are as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 6,683	$ 6,683
Board-designated endowment funds	1,342,282	-	1,342,282
Total funds	$ 1,342,282	$ 6,683	$ 1,348,965

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 6,683	$ 6,683
Board-designated endowment funds	1,023,827	-	1,023,827
Total funds	$ 1,023,827	$ 6,683	$ 1,030,510

Note 11. Endowments (Continued)

Changes in endowment net assets for the years ended December 31, 2023 and 2022, are as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,023,827	$ 6,683	$ 1,030,510
Investment return, net	171,088	-	171,088
Other changes:			
Transfers to create Board-designated endowment funds	186,844	-	186,844
Distribution from Board-designated endowment pursuant to spending policy	(39,477)	-	(39,477)
Endowment net assets, end of year	$ 1,342,282	$ 6,683	$ 1,348,965

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,208,845	$ 6,683	$ 1,215,528
Investment return, net	(191,665)	-	(191,665)
Other changes:			
Transfers to create Board-designated endowment funds	55,000	-	55,000
Distribution from Board-designated endowment pursuant to spending policy	(48,353)	-	(48,353)
Endowment net assets, end of year	$ 1,023,827	$ 6,683	$ 1,030,510

Spending policy: The Organization has a combined 4% maximum spending policy of appropriating for distribution each year of the donor-restricted portion of the endowment's fair value and of the Board-designated portion of the endowment's fair value. In establishing this policy, the Organization considered the long-term expected investment return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow this endowment fund to grow at an average of 5% annually. This is consistent with the Organization's objective to maintain the historic dollar value of the endowment assets as well as to provide additional growth through investment return.

Investment return objectives, risk parameters and strategies: To achieve that objective, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a variety of equity mutual funds that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make the annual distributions while growing the fund, if possible. The Organization has established the following ranges by investment type: equities—40% to 70%; fixed income—15% to 60%; cash and equivalents—0% to 30% and alternative assets—0% to 15%. The Organization expect its endowment assets, over time, to produce an average rate of return over inflation, as measured by the Consumer Price Index, of approximately 5% annually, after fees. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocations between asset classes and strategies are managed to not expose the fund to unacceptable risks.

Note 12. Leases (The Organization as Lessee)

The Organization leases real estate, including office and programming space locations, and equipment under operating lease agreements that have initial terms ranging from one to 10 years. Some leases include one or more options to renew, generally at the Organization's sole discretion, with renewal terms that can extend the lease term up to five years. In addition, certain leases contain termination options, where the rights to terminate are held by either the Organization, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Organization will exercise that option. The Organization's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Operating lease cost	$ 292,464	$ 307,595
Short-term lease cost	85,521	54,116
Total lease cost	$ 377,985	$ 361,711

Supplemental statement of financial position information related to leases is as follows as of December 31, 2023 and 2022:

	2023	2022
Operating leases:		
Operating lease right-of-use assets	$ 794,307	$ 993,865
Operating lease liabilities, current	$ 319,884	$ 298,724
Operating lease liabilities, noncurrent	530,722	751,844
Total operating lease liabilities	$ 850,606	$ 1,050,568
Weighted-average remaining lease term:		
Operating leases	3.2 years	2.5 years
Weighted-average discount rate:		
Operating leases	2.7%	2.2%

Future undiscounted cash flows for each of the next five years and a reconciliation to the lease liabilities recognized on the statement of financial position are as follows as of December 31, 2023:

	Operating Leases
Years ending December 31:	
2024	$ 339,144
2025	237,821
2026	201,096
2027	96,096
2028	17,169
Total lease payments	891,326
Less imputed interest	(40,720)
Total present value of lease liabilities	$ 850,606

Note 13. Lease Commitments (The Organization as Lessor)

The Organization rents a portion of the Thornberry Unit to a school. The lease calls for rent in the amount of $1.00 per month. In addition, the school is required to pay additional rent equal to the allocated expenses of the property. The lease is for 30 years but also has two optional 10-year renewal terms.

The Organization rents a portion of the Breidenthal Unit to a nonprofit organization. The lease calls for rent based on a set base rent price per square foot, which escalates by 4% for each renewal period. The lease is for 30 months but also has two optional three-year renewal terms, of which one option to renew was exercised as of July 2023.

The Organization rented a portion of the Wagner Unit to a school commencing in July 2022 through May 31, 2023. The lease called for rent in the amount of $6,500 per month.

The Organization's respective portions of buildings are leased to various tenants, as described above, under operating leases with initial term expiration dates ranging from 2023 to 2028. The Organization's investment in assets held under operating leases in which the Organization's are the lessor by major class of assets are as follows as of December 31:

	2023	2022
Land and land improvements	$ 958,859	$ 958,859
Buildings and improvements	16,525,445	16,525,445
	17,484,304	17,484,304
Less accumulated depreciation	5,103,916	4,709,248
	$ 12,380,388	$ 12,775,056

The Organization's rental income is primarily composed of payments defined under each lease agreement and are either subject to scheduled fixed increases. Additionally, rental income includes variable payments for lessee reimbursements of property-related expenses and payments based on actual costs. The following table summarizes the components of lease revenue recognized during the years ended December 31, 2023 and 2022, included within the Organization's statements of activities:

	2023	2022
Operating lease income related to lease payments	$ 84,178	$ 111,369
Variable lease payments	232,791	204,139
	$ 316,969	$ 315,508

Note 13. Lease Commitments (The Organization as Lessor) (Continued)

Future undiscounted cash flows to be received for each of the next five years are as follows as of December 31, 2023:

	Operating Leases
Years ending December 31:	
2024	$ 77,126
2025	77,126
2026	77,126
2027	12
2028	12
Total lease payments	$ 231,402

Note 14. Defined Contribution Plan

The Organization has a defined contribution plan covering substantially all full-time employees who have completed at least one year of service. In addition to matching participants' contributions 100% up to 5% based on qualifying wages, the Organization may make an additional discretionary match. No discretionary contributions were made in 2023 or 2022. The 401(k) match was $108,868 and $106,318 for the years ended December 31, 2023 and 2022, respectively.

Note 15. Insurance Claim

During January 2023, the Organization incurred casualty events relating to a fire of a concession stand at Clark-Ketterman Park and fire of a vehicle. Both events resulted in extensive property damage. It is the opinion of the Organization's management that the Organization will not incur any liability as a result of these incidents and will be reimbursed by insurers for all damages sustained.

At December 31, 2023, the total amount of insurance proceeds received for damage and replacement of the assets was $299,269 recognized as gain on insurance proceeds in the accompanying statement of activities. No further amounts are expected to be received.