Grenville Baker Boys & Girls Club, Inc.

Financial Statements
December 31, 2023 and 2022

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Grenville Baker Boys & Girls Club, Inc.

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December 31, 2023 and 2022

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Independent Auditors' Report

To the Board of Directors of
Grenville Baker Boys and Girls Club, Inc.

Opinion

We have audited the accompanying financial statements of Grenville Baker Boys & Girls Club, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year 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 Grenville Baker Boys & Girls Club, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Grenville Baker Boys & Girls Club, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 Grenville Baker Boys & Girls Club's, Inc. 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 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 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 Grenville Baker Boys & Girls Club's, Inc. 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 Grenville Baker Boys & Girls Clubs', Inc. 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.

Report on Summarized Comparative Information

We have previously audited Grenville Baker Boys & Girls Club's, Inc. 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mazars USA LLP

June 3, 2024

Grenville Baker Boys & Girls Club, Inc.

Statements of Financial Position
December 31, 2023
(With comparative amounts for December 31, 2022)

	2023	2022
Assets		
Cash and cash equivalents	$ 244,761	$ 402,383
Pledges receivable, net	370,918	1,301,575
Investments	13,540,190	12,402,274
Prepaid expenses	37,189	12,243
Other assets	894,158	955,300
Property and equipment, net	11,213,188	12,125,396
Total assets	$ 26,300,404	$ 27,199,171
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 90,388	$ 86,408
Accrued expenses	474,008	220,086
Line of credit	1,936,010	4,449,106
Mortgage loan	-	1,354,435
Deferred revenue	7,979	7,959
Total liabilities	2,508,385	6,117,994
Net assets		
Without donor restrictions	18,539,304	15,355,083
With donor restrictions	5,252,715	5,726,094
Total net assets	23,792,019	21,081,177
Total liabilities and net assets	$ 26,300,404	$ 27,199,171

Grenville Baker Boys & Girls Club, Inc.

Statements of Activities
Year Ended December 31, 2023
(With summarized comparative amounts for the year ended December 31, 2022)

	2023			2022
	Net assets without donor restrictions	Net assets with donor restrictions	Total	Total
Revenue and support				
Donations	$ 357,725	$ -	$ 357,725	$ 316,000
Grants	102,216	302,818	405,034	298,506
Employee retention tax credits	-	-	-	393,327
Special event revenue, net of direct expenses	592,290	-	592,290	347,833
Program fees	592,176	-	592,176	488,426
In-kind contributions	542,727		542,727	-
Net assets released from restrictions	1,289,914	(1,289,914)	-	-
Total revenue from operations	3,477,048	(987,096)	2,489,952	1,844,092
Expenses				
Program services	3,495,724	-	3,495,724	2,617,608
Management and general	224,656	-	224,656	207,950
Fundraising	1,101,969	-	1,101,969	440,105
Total expenses	4,822,349	-	4,822,349	3,265,663
Other income (loss)				
Capital campaign	-	204	204	15,975
Royalty income, net of related expenses	3,162,557	-	3,162,557	1,137,756
Dividends and interest	245,298	95,394	340,692	272,543
Realized loss on sale of investments, net of expenses of $46,506 and $47,523 in 2023 and 2022, respectively	(231,484)	(108,107)	(339,591)	(909,720)
Unrealized gain (loss) in market value of investments	1,353,151	526,226	1,879,377	(2,036,032)
Change in net assets	3,184,221	(473,379)	2,710,842	(2,941,049)
Net assets				
Beginning of year	15,355,083	5,726,094	21,081,177	24,022,226
End of year	$ 18,539,304	$ 5,252,715	$ 23,792,019	$ 21,081,177

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

Grenville Baker Boys & Girls Club, Inc.

Statement of Functional Expenses
Year Ended December 31, 2023
(With summarized comparative amounts for the year ended December 31, 2022)

	Program Services	Management and General	Fundraising	2023 Total	2022 Total
Salaries	$ 1,336,618	$ 104,373	$ 341,197	$ 1,782,188	$ 1,459,401
Payroll taxes & benefits	214,988	58,333	72,269	345,590	323,269
Program services & trips	108,934	18	-	108,952	86,218
Professional fees	88,612	5,059	15,452	109,123	103,609
Donated goods	-	-	542,727	542,727	-
Special events	-	-	354,395	354,395	169,597
Supplies	96,378	8,039	11,050	115,467	115,388
Telephone	885	1,399	443	2,727	3,360
Postage & shipping	3,665	67	1,214	4,946	5,240
Occupancy	200,948	10,040	4,180	215,168	179,487
Printing & publications	2,491	2,794	583	5,868	1,791
Travel & transportation	16,549	8,643	89	25,281	20,679
Marketing and advertising	3,711	245	1,779	5,735	21,541
Scholarships	19,810	-	-	19,810	22,668
Membership dues and trainings	27,998	1,484	7,151	36,633	28,202
Prizes & awards	6,215	1,132	338	7,685	5,876
Administrative fees	47,751	917	6,789	55,457	40,398
Insurance	120,648	2,513	2,513	125,674	130,060
Other	-	-	-	-	2,377
Bad debt expense	-	-	74,595	74,595	-
Total operating expenses	2,296,201	205,056	1,436,764	3,938,021	2,719,161
Less direct costs of special events	-	-	(354,395)	(354,395)	(169,597)
Depreciation	940,803	19,600	19,600	980,003	519,360
Interest	258,720	-	-	258,720	196,739
Total expenses	$ 3,495,724	$ 224,656	$ 1,101,969	$ 4,822,349	$ 3,265,663

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

Grenville Baker Boys & Girls Club, Inc.

Statements of Cash Flows
Year Ended December 31, 2023
(With comparative amounts for the year ended December 31, 2022)

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 2,710,842	$ (2,941,049)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	980,003	519,360
Net realized and unrealized (gain) loss on investments	(1,539,786)	2,945,752
Increase (decrease) in cash resulting from changes in operating assets and liabilities		
Pledges receivable	930,657	444,581
Prepaid expenses and other assets	(24,946)	(6,938)
Other assets	61,142	-
Accounts payable	3,980	(89,156)
Accrued expenses	253,922	120,720
Deferred revenue	20	(60,100)
Net cash provided by operating activities	3,375,834	933,170
Cash flows from investing activities		
Purchases of property and equipment	(67,795)	(162,834)
Purchases of investments	(4,749,894)	(5,905,320)
Proceeds from sale of investments	5,151,764	6,246,633
Net cash provided by investing activities	334,075	178,479
Cash flows from financing activities		
Net (repayments of) borrowings from line of credit	(2,513,096)	1,303,500
Rrepayment of mortgage loan	(1,354,435)	(2,394,412)
Net cash used in financing activities	(3,867,531)	(1,090,912)
Net (decrease) increase in cash and cash equivalents	(157,622)	20,737
Beginning of year	402,383	381,646
End of year	$ 244,761	$ 402,383

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

1. Organization and Tax Status

Grenville Baker Boys & Girls Club, Inc. (the "Organization") is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization has been serving children and their families in the greater Locust Valley, New York area since 1950.

The Organization's mission is to inspire and enable all young people to realize their potential as productive, responsible, and caring citizens and community leaders of tomorrow. As part of the Organization's mission, the Organization is dedicated to ensuring access to all those in need of their services. The Organization strives to maximize the number of participants and level of participation of the Organization's community youth by providing quality programs and services, thereby enhancing their lives and shaping their futures.

The Organization has an independent Board of Directors comprised of a cross-section of its local community leaders. The Organization is a member organization in good standing with Boys & Girls Clubs of America.

2. Summary of Significant Accounting Policies

Basis of Presentation
The financial statements have been prepared on the accrual basis of accounting in accordance with principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the "Board") and/or management for general operating purposes. The Board may designate a portion of these net assets for a specific purpose which makes them unavailable for use at management's discretion.

At December 31, 2023 and 2022, there were no net assets with Board designations.

Net Assets With Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

Measures of Operations
In its statement of activities, the Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Investment income, including net realized and unrealized gains and losses, contributions to its capital campaign, interest expense, depreciation, and certain other building costs are recognized as nonoperating support, revenues, gains, and losses.

Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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 and Cash Equivalents
The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Temporary cash equivalents held within long-term investment accounts are reported as investments in the statement of financial position.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalent accounts held at one financial institution which, from time to time, exceed the federal depository insurance coverage limit. At December 31, 2023, cash and cash equivalents did not exceed federally insured limits.

Property and Equipment
Property and equipment are reported at cost or, if donated, at fair value on the date of the gift. Expenditure for maintenance and repairs are charged to expenses as incurred; significant renewals and betterments are capitalized.

Depreciation is provided on the straight-line basis over the estimated useful lives of the related assets as follows:

Asset Categories	Useful Lives
Buildings and improvements	5 to 40 years
Furniture, equipment and fixtures	5 years

Impairment
Property and equipment are reviewed for impairment if the use of the asset significantly changes, or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value. There were no asset impairments for the years ended December 31, 2023, and 2022.

Contributions and Grants
Contributions are recorded as revenue upon the receipt of cash, gift, or unconditional pledge. Contributions are recorded as without donor restrictions or with donor restrictions support, depending on the existence and/or nature of any donor restrictions. Contributions received with specific donor restrictions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulation 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 and changes in net assets as net assets released from restrictions. Conditional promises to give are not included as support until the conditions are substantially met. Cash received in advance of such conditions being met is reflected as deferred revenue in the accompanying statement of financial position.

Credit Losses
Credit losses are accounted for in accordance with ASU No. 2016-13, Financial Instruments-Credit Losses (“ASC Topic 326”). ASC Topic 326 requires a financial asset (or group of financial assets) measured at amortized cost to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from amortized cost of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. The measurement of expected credit losses is based on relevant information about past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. Previously, when credit losses were measured, the Organization generally only considered past events and current conditions in measuring the incurred loss. As of December 31, 2023 and 2022, the Organization recorded an allowance for bad debt of $39,901 and $0, respectively.

Recognition of Program Fees Revenue
Revenue from the Organizations’ program services is derived through membership, summer day camp, and program fees.

Special events
The Organization hosts a dinner dance and a golf tournament. Revenue is generated from hosting such events. It is the policy of the Organization to recognize revenue net of direct expenses.

Royalty Income

In January 2008, an individual donated tracts of income-producing land located in Texas that is used for oil and gas operations. The contribution was appraised at $894,158 and was recorded in the Organization's financial statements after the fair market appraisal was completed in 2009. The Organization earns royalty income based on the quantity and sales price of resources extracted from the land. During 2023, an operator significantly increased extractions of resources from the land, leading to a increase in royalty income. Net royalty income earned from this gift is included in net assets without donor restrictions and amounted to $3,162,557 and $1,137,756 for the years ended December 31, 2023, and 2022, respectively.

Donated Services and In-Kind Contributions

The Organization records donated services at fair value at the date of donation if the services enhance non-financial assets or require specialized skills which the Organization would typically need to purchase if not provided by donation. Donated goods are recorded at their fair market value on the date of donation. During the year ended December 31, 2023, the Organization received donations of consumer products, which were recorded at their fair market value at the time of donation, amounting to approximately $543,000. In accordance with generally accepted accounting principles, a corresponding expense was recorded at the time of donation.

Investments

The Organization manages its investment portfolio through a professional investment manager. Investments are stated at fair value, which is the prevailing market value. Investment earnings include dividends, interest, realized investment gains and losses, changes in unrealized investment gains and losses, less investment management fees, which are included in the statement of activities.

Donated investments are recorded at market value at the date of the donation. The unrealized increase (decrease) in market value represents the difference between the cost and market values of investments held on December 31st.

Functional Allocation of Expenses

Expenses directly attributable to specific functional of the Organization are reported as expense of those functional areas. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include maintenance, depreciation and amortization, telephone, and office supplies, which are allocated on the basis of office space utilization estimates, as well as salaries, payroll taxes and employee benefits, which are allocated on the basis of estimates of time and effort.

Fair Value Measurements

The Organization follows the accounting standards for fair value measurement and disclosures for financial assets and liabilities which clarify the definition of fair value, prescribe methods for measuring fair value, establish a fair value hierarchy into three levels based on the inputs used to measure fair value and expand disclosure about the use of fair value measurements.

Level 1 – Includes investments for which unadjusted quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and inputs that are observable for the assets and liabilities, either directly or indirectly, for substantially the full-term of the financial instrument.

Level 3 – Includes investments that are valued using unobservable inputs to the extent that relevant observable inputs are not available, representing the Organization's own assumptions about the assumptions that a market participant would use in valuing the investment, and that would be based on the best information available.

Investments consist of equities, money market funds, US treasuries, REIT's and fixed income securities which are recorded at fair value. The fair value of marketable equity securities is based on quoted market prices. The fair value of marketable debt securities is estimated by the custodian of these securities based on industry-standard models or other valuation methodologies.

The following is a description of the valuation methodologies used for assets measured at fair value:

Equities consist of common stocks and index funds, which are valued at the closing price reported on the active market on which the individual securities are traded.

Fixed income and REITs: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

U.S. government treasuries (short term investments): Valued by observable inputs that are not reported on an active market.

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

3. Investments

The following tables present financial assets measured at fair value on a recurring basis, as of December 31, 2023 and 2022, categorized using the fair value hierarchy:

	Fair value measurements at December 31, 2023		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Money market funds	$ 227,108	$ -	$ 227,108
US treasuries	193,904	-	193,904
REITs	-	2,002,474	2,002,474
Fixed income	-	2,561,889	2,561,889
Equities	8,542,449	-	8,542,449
Temporary cash equivalents	12,366	-	12,366
	$ 8,975,827	$ 4,564,363	$ 13,540,190

	Fair value measurements at December 31, 2022		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Money market funds	$ 361,648	$ -	$ 361,648
REITs	-	1,992,914	1,992,914
Fixed income	-	1,763,562	1,763,562
Equities	7,585,477	-	7,585,477
Temporary cash equivalents	698,673	-	698,673
	$ 8,645,798	$ 3,756,476	$ 12,402,274

Net investment income (loss) amounted to $1,880,478 and $(2,673,203) for the years ended December 31, 2023, and 2022, respectively. The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Funds were withdrawn from the investment accounts during the years ended December 31, 2023 and 2022 as follows:

	2023	2022
General Unrestricted Fund	$ 260,317	$ 700,000
General Unrestricted Fund - Capital Campaign	-	500,000
Scholarship Endowment	45,671	-
Resource Development Endowment	137,012	-
Total withdrawals	$ 443,000	$ 1,200,000

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4. Property and Equipment

Property and equipment at December 31 consists of the following:

	2023	2022
Land	$ 15,797	$ 15,797
Land improvements	157,632	157,633
Building and improvements	15,574,333	15,545,380
Furniture and equipment	846,052	808,938
Vehicles	170,997	170,997
Computers	200,224	198,495
	16,965,035	16,897,240
Accumulated depreciation	(5,751,847)	(4,771,844)
Total property and equipment, net of accumulated depreciation	$ 11,213,188	$ 12,125,396

Depreciation expense amounted to $980,003 and $519,360 for the years ended December 31, 2023 and 2022, respectively.

5. Pledges Receivable, net

Pledges receivable, net at December 31, 2023, and 2022 were due as follows:

	2023	2022
Less than one year	$ 151,086	$ 153,621
Capital campaign - one year	172,925	1,027,253
Pledges receivable, current	324,011	1,180,874
Capital campaign - two years to four years	92,920	129,828
Less: Allowance for doubtful accounts	(39,901)	-
Less: Unamortized discount, at rates between 2-6.5%	(6,112)	(9,127)
Pledges receivable, non-current	46,907	120,701
Total pledges receivable, net	$ 370,918	$ 1,301,575

At December 31, 2023 and 2022, pledges from four donors and one donor comprised 55% and 52% of pledges receivable, respectively. The Organization started a capital campaign in 2018 to fund the renovation and expansion of the facilities of the Organization.

6. Long Term Debt

Line of Credit

In 2019, the Organization entered into a Premier Credit Line agreement (the "Credit Line") with UBS Financial Services, Inc. ("UBS"). The Credit Line provides a revolving loan with a maximum facility totaling $5,000,000. There is no maturity date as long as the Organization maintains an adequate balance of investments with UBS to secure the credit line. Interest is charged at the rate of the UBS Variable Rate, which approximates the Secured Overnight Financing Rate, plus 1% (6.454% at December 31, 2023). The Credit Line is secured by a portion of the Organization's investment assets held at UBS. There is no required monthly payment due if there is availability for interest to capitalize. The outstanding balance under the Credit Line at December 31, 2023, and 2022 was $1,936,010 and $4,449,106, respectively. Interest expense for the years ended December 31, 2023 and 2022 amounted to $223,738 and $117,390, respectively. Accrued interest on the Credit Line at December 31, 2023 and 2022 amounted to $431,566 and $207,828, respectively and is included within accrued expenses in the accompanying statement of financial position.

Mortgage Loan

In 2020, the Organization entered into a First Mortgage Loan (the "Loan") with Dime Community Bank (the "Bank") with a maximum facility of $5,000,000. The Loan was funded pursuant to a building agreement for the purpose of renovating the existing building and constructing a two-story addition which was substantially completed in 2021. In May 2023, the Organization fully repaid the mortgage loan balance and at December 31, 2023 and 2022, the loan balance amounted to $0 and $1,354,435, respectively. Interest expense for the years ended December 31, 2023 and 2022 amounted to $34,981 and $72,085, respectively.

7. Special Event Revenue

Net special event revenue for the years ended December 31, 2023 and 2022, consisted of:

	2023			
	Donations	Revenue	Expenses	Net Special Event Income
Dinner dance	$ 618,802	$ -	$ (277,109)	$ 341,693
Golf tournament	109,604	114,737	(66,260)	158,081
Other	-	103,542	(11,026)	92,516
	$ 728,406	$ 218,279	$ (354,395)	$ 592,290

	2022			
	Donations	Revenue	Expenses	Net Special Event Income
Dinner dance	$ 344,604	$ -	$ (115,223)	$ 229,381
Golf tournament	87,426	65,205	(32,422)	120,209
Other	-	20,195	(21,952)	(1,757)
	$ 432,030	$ 85,400	$ (169,597)	$ 347,833

8. Endowment Funds

Interpretation of Relevant Law

The Board of Directors of the Organization have interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the purchasing power (real value) of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets subject to spending policy and appropriation (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (4) the portion of investment return added to the permanent endowment to maintain its purchasing power.

If the endowment assets earn investment returns beyond the amount necessary to maintain the endowment assets' real value, that excess is available for appropriation and, therefore classified as net assets subject to appropriation until appropriated by the Board for expenditure. In accordance with the NYPMIFA, 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) Alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Organization

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or relevant law requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor-restrictions. These deficiencies result from unfavorable market fluctuations that occur after the investment of net assets with donor restrictions contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors. For the years ended December 31, 2023, and 2022, deficiencies of this nature that are reported in net assets with donor restrictions are $0.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year 5 percent of its investment portfolios' fair value based on a rolling three-year average. The Organization believes a spending policy is necessary to carry out the statutory prescribed standard of ordinary business care and prudence. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation in accordance with the board approved investment policy statement that places emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

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

	With Donor Restrictions
Endowment net assets, January 1, 2022	$ 5,478,394
Investment return:	
Interest and dividends	76,312
Management fees	(13,306)
Realized loss	(241,415)
Unrealized loss	(570,089)
Total investments return	(748,498)
Appropriation of endowment assets for expenditure	-
Endowment net assets, December 31, 2022	4,729,896
Investment return:	
Interest and dividends	95,394
Management fees	(13,022)
Realized loss	(95,085)
Unrealized gain	526,226
Total investments return	513,513
Appropriation of endowment assets for expenditure	(256,539)
Endowment net assets, December 31, 2023	$ 4,986,870

9. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following uses at December 31:

	2023	2022
Resource development endowment	$ 3,803,321	$ 3,610,591
Education endowment	302,095	283,354
Scholarship endowment	881,454	835,951
Capital campaign	265,845	996,198
Total net assets with donor restrictions	$ 5,252,715	$ 5,726,094

Net assets released from restriction for the year ended December 31 were as follows:

	2023	2022
Capital campaign	$ 730,557	$ 697,912
Resource development endowment	192,404	-
Education endowment	17,958	-
Scholarship endowment	46,177	-
Youth programming and scholarships	302,818	95,000
	$ 1,289,914	$ 792,912

10. Pension Plan

Effective January 1, 2011, the Organization adopted the Grenville Baker Boys and Girls Club Pension Plan, a Profit-Sharing Plan administered by a third-party administrator at no cost to the Organization. The funds are all invested with Fidelity Investments. The Organization has its own Plan Document. Employees become eligible to participate in the plan upon completing two years of 1,000 hours of service per year to the Organization and reaching the age of 21. Employees become 100% vested upon entering the plan. The Organization has appointed two trustees to manage the Plan, the Organization’s Executive Director and its’ Board President. Employer contributions to the Plan are discretionary. A tiered contribution schedule based on years of service has been established. Employees who have completed 10 or more years of service, 4 to 9 years of service, and less than 4 years receive employer contributions of 9%, 7% and 4% of gross wages, respectively. Enrolled employees who terminate employment will receive a profit-sharing contribution if they have completed at least one calendar quarter of the service. For the years ended December 31, 2023 and 2022, employer contributions to the Plan were $63,761 and $68,958, respectively.

11. Employee Retention Tax Credits

During the year ended December 31, 2022, the Organization received Employee Retention Tax Credits under the Coronavirus Aid, Relief and Economic Security (“CARES”) Act. These credits allow organizations to apply for relief against qualified wages and certain health insurance costs and are allowed to be combined with the Paycheck Protection Program. During the year ended December 31, 2022, the Organization applied for and received approximately $393,000 in credits, which are recorded as revenue in the accompanying statement of activities, as all conditions associated with the program have been met.

12. Liquidity and Availability of Resources

The Organization’s financial assets available within one year of the statement of financial position date for general expenditure were as follows as of December 31, 2023:

Cash	$ 244,761
Pledges receivable, net	370,918
Investments	13,540,190
Total financial assets available at year end	14,155,869
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors - time or purpose restrictions	265,845
Restricted by donors - endowments	4,986,870
Total amounts unavailable for general expenditures within one year	5,252,715
Financial assets available to management for general expenditures within one year	$ 8,903,154

In accordance with proper fiscal practice, the financial assets are maintained to meet ninety days of normal operating expenses, which approximate $875,000. The Organization has a policy to structure its financial assts to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments including certificates of deposit and money market funds and has the unused portion of the line of credit available.

13. Risks and Uncertainties

The Organization may invest in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near terms and such changes could materially affect the amounts reported in the accompanying statement of financial position.

14. Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, June 3, 2024.

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