Boys and Girls Club of the Grand Strand, Inc.

Financial Statements

Year Ended December 31, 2023

Boys and Girls Club of the Grand Strand, Inc.
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Independent Auditors' Report

To the Board of Directors
Boys and Girls Club of the Grand Strand, Inc.

Opinion

We have audited the accompanying financial statements of Boys and Girls Club of the Grand Strand, Inc. (a nonprofit organization) (the "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 the Organization 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 of 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 the Organization 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 these 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 available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of 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.

Smith Sapp P.A.

Smith Sapp Professional Association
Certified Public Accountants

Myrtle Beach, South Carolina
September 5, 2024

Boys and Girls Club of the Grand Strand, Inc.
Statement of Financial Position
December 31, 2023

		2023
Assets		
Cash and Cash Equivalents	$	131,731
Contributions Receivable, Net		142,152
Prepaid Expenses and Other Current Assets		20,210
Property and Equipment, Net		2,775,200
Total Assets	$	3,069,293
Liabilities and Net Assets		
Liabilities		
Accounts Payable	$	15,228
Accruals		24,357
Long-Term Debt, Net		887,896
Total Liabilities		927,481
Net Assets		
With Donor Restrictions		231,289
Without Donor Restrictions		1,910,523
Total Net Assets		2,141,812
Total Liabilities and Net Assets	$	3,069,293

The accompanying notes are an integral part of the financial statements

Boys and Girls Club of the Grand Strand, Inc.

Statement of Activities

Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	2023
Support and Revenues			
Charges For Services	$ 61,689	$	$ 61,689
Grants	235,004	1,713,500	1,948,504
Contributions	114,674	13,142	127,816
Fundraising	56,241		56,241
Miscellaneous	1,399	801	2,200
Total Support and Revenues	469,007	1,727,443	2,196,450
Net Assets Released From Restrictions	1,691,402	(1,691,402)	
Expenses			
Youth Services	705,315		705,315
Supporting Activities			
Management and General	171,372		171,372
Fundraising	31,348		31,348
Total Expenses	908,035		908,035
Increase in Net Assets	1,252,374	36,041	1,288,415
Net Assets - Beginning	658,149	195,248	853,397
Net Assets - Ending	$ 1,910,523	$ 231,289	$ 2,141,812

The accompanying notes are an integral part of the financial statements

Boys and Girls Club of the Grand Strand, Inc.

Statement of Functional Expenses

Year Ended December 31, 2023

	Youth Services	Management and General	Fundraising	Totals
Employee Compensation	$ 409,407	$ 76,763	$ 25,588	$ 511,758
Occupancy Costs	97,919	11,520	5,760	115,199
Insurance	21,359	14,241		35,600
Depreciation	82,945	9,216		92,161
Professional Fees	26,578	17,716		44,294
Dues & Subscriptions	3,879	1,293		5,172
Technology & Communications	14,253	14,252		28,505
Other Operating	48,975	26,371		75,346
	$ 705,315	$ 171,372	$ 31,348	$ 908,035

The accompanying notes are an integral part of the financial statements

Boys and Girls Club of the Grand Strand, Inc.

Statement of Cash Flows

Year Ended December 31, 2023

		2023
Cash Flows From Operating Activities		
Increase in Net Assets Without Donor Restrictions	$	1,288,415
Adjustments to Reconcile Increase in Net Assets Without Donor Restrictions to Net Cash Flows From Operating Activities:		
Depreciation		92,161
Amortization		703
In-Kind Contributions		(4,500)
Changes in Assets and Liabilities:		
Increase in Contributions Receivable		(74,984)
Increase in Prepaid Expenses and Other Current Assets		(12,302)
Increase in Accounts Payable		12,457
Increase in Accruals		1,572
Net Cash Flows From Operating Activities		1,303,522
Cash Flows From Financing Activities		
Borrowings of Long-Term Debt		893,975
Repayments of Long-Term Debt		(2,339,674)
Net Cash Flows From Financing Activities		(1,445,699)
Net Increase in Cash and Cash Equivalents		(142,177)
Cash and Cash Equivalents - Beginning		273,908
Cash and Cash Equivalents - Ending	$	131,731

Supplemental Cash Flow Disclosure

Cash Paid for Interest	$	81,012

The accompanying notes are an integral part of the financial statements

Note 1 – Organization

The Boys and Girls Club of the Grand Strand, Inc. (the “Organization”) was organized October 23, 1996, under the name Boys and Girls Club of Horry County, Inc. The Organization changed its name to Boys and Girls Club of the Grand Strand, Inc. on December 19, 2000. The Organization was organized under the laws of the State of South Carolina, as a non-profit corporation in Horry County, South Carolina to inspire and enable all young people to realize their full potential as responsible and caring citizens. The Organization aims to promote and enhance the development of boys and girls by instilling a sense of belonging, usefulness, influence, and competence. This is accomplished by providing an array of services including after school care, summer camp, elementary and teen programs. The Organization’s main sources of revenue are from membership dues, grants, and contributions.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Such statements of financial position are presented in order of liquidity.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates relate to the determination of the useful lives of Property and Equipment.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with Accounting Standards Update 2016-14, which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets without donor restrictions includes net assets available for use in general operations and are not subject to donor (or certain grantor) restrictions, such as public support and revenues that are not subject to donor-imposed stipulations. All expenses are reported as decreases in net assets without donor restrictions with the exception of investment expenses.

Net assets with donor restrictions: Net assets with donor restrictions are the part of net assets that are subject to donor-imposed restrictions. A donor-imposed restriction is a donor stipulation that specifies a use for a contributed asset that is more specific than broad limits resulting from the following: the nature of the not-for-profit entity, the environment in which it operates, or the purposes specified in its articles of incorporation, bylaws or comparable document. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events such as acquisition or construction of property and equipment specified by the donor.

Revenues from Non-Exchange Transactions

Revenues from non-exchange transactions are recorded as net assets without donor restrictions or net assets with donor restrictions depending upon the existence and/or nature of donor restrictions. Revenues from non-exchange transactions may also be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). Revenues from conditional non-exchange transactions are recognized when the barrier is satisfied, which is generally as costs are incurred. In addition, the Organization has elected the simultaneous release option for conditional contributions that are subject to purpose restrictions. Under this option, net assets without donor restrictions include the donor-restricted contributions for which the purpose restrictions are met in the same reporting period as the revenue is recognized. Revenues from non-exchange transactions that are considered unconditional generally are recognized as revenues with donor restrictions when the grant funds are awarded and are released into net assets without donor restrictions when the purpose has been met.

The Organization records contributions receivable, net of allowances for estimated uncollectable amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. The Organization discounts multi-year pledges that are expected to be collected after one year using a risk adjusted discount rate. Multi-year pledges are recorded at fair value at the date of the pledge. All other contributions are recorded in contributions receivable. The allowance for doubtful accounts is determined by the age of the balance, historical collection rates, and specific identification of uncollectible accounts. Uncollectible contributions receivable are charged to the allowance. An expense is recorded at the time the allowance is adjusted.

Revenues from Exchange Transactions
The Organization has multiple revenue streams that are accounted for as exchange transactions including membership and program fees. Because the Organization's performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), Revenue from Contracts with Customers, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Program Fees
The Organization enters into contracts with club members who pay for a portion of the services received which it records as an exchange transaction under ASC Topic 606. The Organization recognizes revenue for the services as the performance obligations are satisfied. Revenue from contracts with customers is presented as program service fees in the accompanying statement of activities for the year ending December 31, 2023.

Functional Expenses
The costs of providing program and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the program expenses and supporting services benefited on a reasonable basis that is consistently applied. The expenses that are allocated include the following:

	Method of Allocation
Employee Compensation	Time and Effort
Occupancy Costs	Usage Studies
Insurance	Usage Studies
Depreciation	Usage Studies
Professional Fees	Time and Effort
Dues and Subscriptions	Usage Studies
Technology and Communications	Usage Studies
Transportation	Usage Studies
Other Operating Costs	Usage Studies

Cash and Cash Equivalents
The Organization considers all demand deposits, money market accounts and other highly liquid investments with original maturities of three months or less to be cash equivalents.

Prepaid Expenses
Prepaid expenses are recognized when payments have been made for products or services that will not be used in operations until the following year.

Property and Equipment
All acquisitions of equipment and leasehold improvements in excess of $2,500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Equipment and leasehold improvements are stated at cost, or if donated, at the approximate fair value on the date of donation. Depreciation is calculated utilizing the straight-line method.

The estimated useful lives of the assets for purposes of computing depreciation are as follows:

Furniture and Equipment	7 Years
Vehicles	5 Years
Building	39 Years

Leases
The Organization adopted Accounting Standards Update ("ASU") No. 2016-02, "Leases (Topic 842)", and its related amendments during the year ended December 31, 2022. The adoption of ASC 842 did not have a material effect on the Organization's financial statements.

Debt Issuance Costs
Debt Issuance Costs are reported as reduction of the carrying amount of the debt and are being amortized by the straight-line method over the life of the related debt, which approximates the effective interest method. Amortization of the debt issuance costs is reported as an interest expense. Included in interest expense for the year ended December 31, 2023 is $703 of the amortization of debt issuance costs.

Income Taxes
The Organization is a nonprofit corporation as described in Section 501(c)(3) of the United States Internal Revenue Code and is exempt from federal and state income taxes. Accounting standards prescribe when to recognize and how to measure the effects of tax positions taken or expected to be taken. In order to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. To the extent that all or a portion of a tax position is not recognized, a liability would be recognized for the unrecognized benefits.

As of December 31, 2023, management has determined that the Organization does not have any material unrecognized tax benefits.

Donated Goods and Services
Donated supplies and equipment are reflected as contributions in the accompanying statements at their fair values at the date of receipt if such items were susceptible to reasonable valuation and, if such items had not been donated, the Organization would have had to purchase such items in the ordinary course of business.

A substantial number of organizations and volunteers have donated significant amounts of time and services in the Organization's program operations and in its fund-raising campaigns. However, such contributed services do not meet the criteria for recognition of contributed services contained in accounting principles generally accepted in the United States of America and, accordingly, are not reflected in the accompanying financial statements. Other donated services are recorded in the financial statements if they enhance nonfinancial assets, are provided by a person possessing a specific skill and the Organization would need to purchase these services if not donated.

Measure of Operations
The Organization includes as its measure of operations, excess of operating revenues and public support over operating expenses, all support and revenues that are an integral part of its programs and supporting activities.

Concentrations of Risk

During the year ended December 31, 2023, approximately 81% of the Organization's total support was from four providers.

The Organization maintains bank accounts with a local bank. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to $250,000. Management believes the credit risk related to these amounts is minimal.

Recent Issued Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board issues ASU No. 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" and subsequent amendments to the initial guidance: ASU 2018-19, ASU 2019-04, and ASU 2019-05 (collectively, "Topic 326"). Topic 326 requires measurement and recognition of expected credit losses for financial assets held. The Organization adopted Topic 326 on January 1, 2023, and the adoption had no impact on the Organization's financial statements. The Organization reviewed other newly issued accounting pronouncements and concluded that they are either not applicable to the Organization's operations or that no material effect is expected on the Organization's financial statements upon future adoption.

Note 3 – Liquidity and Availability of Financial Assets

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and liabilities come due. The Organization's financial assets available for general expenditures consisted of the following at December 31, 2023:

Cash and Cash Equivalents	$ 131,731
Contributions Receivable, Net	142,152
	$ 273,883
Less those unavailable for general expenditures within one year:	
Purpose Restricted (See Note 11)	(231,289)
Financial assets available to meet cash needs for general expenditures within one year	$ 42,594

Note 4 – Contributions Receivable

Unconditional promises to contribute to the Organization are recorded as contributions receivable at the present value of future cash flows. The present value discount rate was 7.4% for contributions receivable as of December 31, 2023.

Less than one year	$ 52,250
Between one and five years	100,000
Total	152,250
Less:	
Discount for present value	(10,098)
Contributions Receivable, net	$ 142,152

Note 5 – Property and Equipment

On February 13, 2017, the Organization was conveyed a vacant lot of 1.81 acres on 10th Avenue North in Myrtle Beach between Dunbar and Carver Streets at 900 Dunbar Street. The property shall be used only for a youth recreation and education center and for no other purpose without the written consent of the Grantor. Plans, specifications, and locations of all development to the property including buildings, structures, fences, signs, parking areas and landscaping are subject to the written approval of the grantor. Further restrictions are on the property and a right of first refusal if the Organization was to desire to sell all or any portion of or any interest in the property.

Property and Equipment consisted of the following at December 31, 2023:

Vehicle	$ 32,500
Furniture, Fixtures and Equipment	73,840
Building	2,957,043
Building Improvements	22,021
	3,085,404
Accumulated Depreciation	(310,204)
	$ 2,775,200

Depreciation expense for the year ended December 31, 2023, was $92,161.

Note 6 – Long-Term Debt

On December 14, 2018, the Organization obtained a loan (the "Note"), to finance its new facility. During May 2023, the Organization received two restricted grants totaling $1,500,000 that were used to pay down the outstanding Note. On May 16, 2023, the Organization entered into a new unsecured loan agreement for $900,000 with a local bank. The terms of the new loan agreement include at a fixed interest rate of 5.95% per annum from the date of issuance through May 16, 2028. Interest and principal payments of $5,418 are due monthly beginning June 16, 2023 with a final balloon payment due on May 16, 2028 estimated at $843,388. The Note is collateralized by the property.

As of December 31, 2023, the Organization's long-term debt consisted of:

	2023
Principal amount	$ 893,218
Less unamortized debt issuance costs	(5,322)
Long-term debt, net	$ 887,896

Future maturities of the long-term debt are as follows:

2024	10,391
2025	11,048
2026	11,747
2027	12,490
2028	847,542
	$ 893,218

Note 7 – Line of Credit
The Organization has an existing credit agreement with a local financial institution. The agreement is a $200,000 revolving line of credit agreement. All documents are amended, restated, supplemented, or otherwise modified from time to time and referred to as the "Loan Agreement."

The credit agreement and revolving line of credit was approved on October, 2, 2023, with an original maturity of one year.

There was no outstanding balance due on the revolving line of credit at December 31, 2023. At December 31, 2023, the Organization had $200,000 of funding available to draw against the line of credit.

Note 8 – Related Parties
During the year ended December 31, 2023, the Organization only had related party transactions with the Boys and Girls Club of America, their affiliate organization, from which the Organization received $74,264 of grant proceeds.

Note 9 – Defined Contribution Plan
The Organization has a defined contribution plan for its employees. The plan includes matching contributions by the Organization of up to 5% of employees' compensation. Total expense for the year ended December 31, 2023 was approximately $10,975.

Note 10 – Commitments and Contingencies
From time to time, the Organization is subject to other claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Organization. Events could occur that would change this estimate materially.

Note 11 – Net Assets with Donor Restrictions
At December 31, 2023, net assets with donor restrictions totaled of $231,289. The composition of the restrictions placed on those net assets consists of the following as of each fiscal year ended:

	2023
Purpose Restriction	
Debt Repayment	$ 200,000
John Rhodes Technology Lab	26,222
Brown/Goings Scholarship	1,069
Outdoor Renovations/Landscaping	3,998
	$ 231,289

Note 12 – Subsequent Events
The Organization has evaluated subsequent events through September 5, 2024, the date which the financial statements were available to be issued.