

Boys and Girls Country of Houston, Inc.

Financial Statements

September 30, 2024 and 2023

Boys and Girls Country of Houston, Inc.

September 30, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Boys and Girls Country of Houston, Inc.
Houston, Texas

Opinion

We have audited the accompanying financial statements of Boys and Girls Country of Houston, Inc. (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Pannell Kerr Forster of Texas, P.C.

March 14, 2025

Boys and Girls Country of Houston, Inc.

Statements of Financial Position

	September 30,	
	2024	2023
Assets		
Cash and cash equivalents	\$ 259,537	\$ 355,047
Contributions receivable, net	1,831,811	1,809,494
Other receivables	694	332,694
Prepaid expenses and other assets	225,174	214,023
Restricted investments	2,256,420	3,584,644
Restricted cash and cash equivalents	385,196	418,832
Interest in net assets of the Endowment Fund	30,301,422	25,608,327
Property and equipment, net	10,056,618	8,827,258
Total assets	<u>\$ 45,316,872</u>	<u>\$ 41,150,319</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 533,266	\$ 523,354
Advance payable, Endowment Fund	2,357	-
Refundable advances	1,109,895	1,137,441
Funds held for residents	101,556	71,725
Total liabilities	<u>1,747,074</u>	<u>1,732,520</u>
Commitments and contingencies		
Net assets		
Without donor restrictions	12,052,828	11,771,034
With donor restrictions	31,516,970	27,646,765
Total net assets	<u>43,569,798</u>	<u>39,417,799</u>
Total liabilities and net assets	<u>\$ 45,316,872</u>	<u>\$ 41,150,319</u>

See accompanying notes to the financial statements.

Boys and Girls Country of Houston, Inc.

Statement of Activities

For the Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions	\$ 3,235,424	\$ 565,326	\$ 3,800,750
In-kind contributions	19,495	-	19,495
Special events	2,422,169	-	2,422,169
Less: direct benefit to donors	(356,785)	-	(356,785)
Grants from the Endowment Fund	750,000	-	750,000
Investment income, net	201,918	-	201,918
Other income	218,175	-	218,175
Net assets released from restrictions	<u>1,388,216</u>	<u>(1,388,216)</u>	<u>-</u>
Total revenue and support	<u>7,878,612</u>	<u>(822,890)</u>	<u>7,055,722</u>
Expenses			
Program services	5,070,471	-	5,070,471
Supporting activities:			
Management and general	838,463	-	838,463
Fundraising	<u>1,687,884</u>	<u>-</u>	<u>1,687,884</u>
Total support services	<u>2,526,347</u>	<u>-</u>	<u>2,526,347</u>
Total expenses	<u>7,596,818</u>	<u>-</u>	<u>7,596,818</u>
Change in interest in Endowment Fund	<u>-</u>	<u>4,693,095</u>	<u>4,693,095</u>
Changes in net assets	281,794	3,870,205	4,151,999
Net assets at beginning of year	<u>11,771,034</u>	<u>27,646,765</u>	<u>39,417,799</u>
Net assets at end of year	<u>\$ 12,052,828</u>	<u>\$ 31,516,970</u>	<u>\$ 43,569,798</u>

See accompanying notes to the financial statements.

Boys and Girls Country of Houston, Inc.

Statement of Activities

For the Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions	\$ 2,394,289	\$ 1,302,135	\$ 3,696,424
In-kind contributions	8,319	-	8,319
Special events	3,336,288	-	3,336,288
Less: direct benefit to donors	(374,415)	-	(374,415)
Grants from the Endowment Fund	1,300,000	-	1,300,000
Investment income, net	127,805	-	127,805
Other income, net	98,174	-	98,174
Net assets released from restrictions	<u>598,819</u>	<u>(598,819)</u>	<u>-</u>
Total revenue and support	<u>7,489,279</u>	<u>703,316</u>	<u>8,192,595</u>
Expenses			
Program services	4,926,544	-	4,926,544
Supporting activities:			
Management and general	1,105,705	-	1,105,705
Fundraising	<u>1,138,705</u>	<u>-</u>	<u>1,138,705</u>
Total support services	<u>2,244,410</u>	<u>-</u>	<u>2,244,410</u>
Total expenses	<u>7,170,954</u>	<u>-</u>	<u>7,170,954</u>
Change in interest in Endowment Fund	<u>-</u>	<u>2,176,346</u>	<u>2,176,346</u>
Changes in net assets	318,325	2,879,662	3,197,987
Net assets at beginning of year	<u>11,452,709</u>	<u>24,767,103</u>	<u>36,219,812</u>
Net assets at end of year	<u>\$ 11,771,034</u>	<u>\$ 27,646,765</u>	<u>\$ 39,417,799</u>

See accompanying notes to the financial statements.

Boys and Girls Country of Houston, Inc.

Statements of Cash Flows

	Year Ended September 30,	
	2024	2023
Cash flows from operating activities		
Changes in net assets	\$ 4,151,999	\$ 3,197,987
Adjustments to reconcile change in net assets to cash flows provided by operating activities:		
Depreciation	626,329	530,884
Donated investments	(126,286)	(79,053)
Realized and unrealized loss on marketable securities	(201,918)	5,700
Change in interest in net assets of endowment fund	(4,693,095)	(2,176,346)
Change in assets and liabilities:		
Contributions receivable, net	(22,317)	(14,972)
Other receivables	334,357	(741,096)
Prepaid expenses and other assets	(11,151)	136,536
Accounts payable and accrued liabilities	9,912	17,077
Advances payable, Endowment Fund	-	-
Refundable advances	(27,546)	(485,427)
Funds held for residents	29,831	7,652
Net cash provided by operating activities	70,115	398,942
Cash flows from investing activities		
Purchases of marketable securities	(75,000)	(2,193,729)
Proceeds from sales of marketable securities	1,731,428	1,943,937
Purchase of property and equipment	(1,855,689)	(206,887)
Net cash used in investing activities	(199,261)	(456,679)
Net change in cash and cash equivalents	(129,146)	(57,737)
Cash, cash equivalents, and restricted cash at beginning of year	773,879	831,616
Cash, cash equivalents, and restricted cash at end of year	\$ 644,733	\$ 773,879
Reconciliation of cash, cash equivalents, and restricted cash		
Cash and cash equivalents	259,537	355,047
Restricted cash and cash equivalents	385,196	418,832
Total cash, cash equivalents, and restricted cash	\$ 644,733	\$ 773,879

See accompanying notes to the financial statements.

Boys and Girls Country of Houston, Inc.

Statements of Functional Expenses

		Supporting Activities		
	Program Services	Management and General	Fundraising	Total
Year ended September 30, 2024				
Salaries and benefits	\$ 2,800,331	\$ 558,347	\$ 1,143,667	\$ 4,502,345
Depreciation	513,589	43,843	68,897	626,329
Utilities and telephone	227,184	19,393	30,476	277,053
Maintenance and operation				
of properties and vehicles	351,120	19,528	30,688	401,336
Resident activities and education	292,105	-	-	292,105
Insurance	349,559	29,841	46,891	426,291
Food and supplies	123,658	-	444,214	567,872
Staff recruiting and training	16,677	857	7,108	24,642
Direct mailings and newsletter	-	-	66,749	66,749
Office supplies and postage	112,509	51,932	95,040	259,481
Resident medical and dental care	44,765	-	-	44,765
Bad debt expense	-	-	90,100	90,100
Ranch operations	40,965	-	-	40,965
Professional fees	198,009	114,722	20,839	333,570
	5,070,471	838,463	2,044,669	7,953,603
Less: direct benefit to donors	-	-	(356,785)	(356,785)
Total expenses	\$ 5,070,471	\$ 838,463	\$ 1,687,884	\$ 7,596,818
Year ended September 30, 2023				
Salaries and benefits	\$ 2,928,067	\$ 921,456	\$ 647,469	\$ 4,496,992
Depreciation	435,325	37,161	58,398	530,884
Utilities and telephone	201,613	17,211	27,046	245,870
Maintenance and operation				
of properties and vehicles	403,229	22,427	35,243	460,899
Resident activities and education	292,861	-	-	292,861
Insurance	288,867	24,660	38,750	352,277
Food and supplies	134,510	-	513,500	648,010
Staff recruiting and training	31,277	1,524	12,640	45,441
Direct mailings and newsletter	-	-	83,279	83,279
Office supplies and postage	106,942	49,765	91,073	247,780
Resident medical and dental care	23,500	-	-	23,500
Ranch operations	25,982	-	-	25,982
Professional fees	54,371	31,501	5,722	91,594
	4,926,544	1,105,705	1,513,120	7,545,369
Less: direct benefit to donors	-	-	(374,415)	(374,415)
Total expenses	\$ 4,926,544	\$ 1,105,705	\$ 1,138,705	\$ 7,170,954

See accompanying notes to the financial statements.

Boys and Girls Country of Houston, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 1 - Basis of Presentation and Summary of Significant Accounting PoliciesNature of activities

Boys and Girls Country of Houston, Inc. (the "Organization"), a Texas not-for-profit organization, is a licensed childcare residential facility that provides 24-hour care for children from families in crisis between the ages of 5 and 18, primarily from the Greater Houston area (Residential Services Program). The Organization also provides a residential care and scholarship program for residents aged 18 or older (College & Career Program).

Boys and Girls Country of Houston Endowment Fund, Inc. (the "Endowment Fund"), a financially related organization, was created in 1986 to seek support for and hold assets on behalf of the Organization. The Endowment Fund has a separate board of directors and the Organization does not exercise control over the Endowment Fund, therefore consolidated financial statements are not required. However, the interest in the net assets of the Endowment Fund are included as an asset in the accompanying statements of financial position. The Endowment Fund transfers assets to the Organization when authorized by the Endowment Fund's Board of Directors.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make certain assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Management believes its estimates are reasonable.

Financial instruments, credit risk and concentration of credit risk

Financial instruments that subject the Organization to concentrations of credit risk consist principally of cash, cash equivalents, contributions and other receivables and marketable securities. The Organization places its cash and cash equivalents with high credit quality financial institutions. At times, such amounts may exceed insured limits; however, these amounts typically may be redeemed upon demand and, therefore, bear minimal risk. In monitoring this credit risk, the Organization periodically evaluates the stability of these financial institutions. The Organization has not incurred losses related to these deposits.

Contributions receivable and other receivables consists of pledge receivables from individuals and corporations. Contributions receivable from two donors represented 55% and 58% of gross contributions receivable at September 30, 2024 and 2023, respectively. Although the Organization is directly affected by the financial stability of its donors, management does not believe significant credit risk exists at September 30, 2024 and 2023.

Boys and Girls Country of Houston, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 1 - Basis of Presentation and Summary of Significant Accounting Policies (Continued)Financial instruments, credit risk and concentration of credit risk (continued)

The investments in marketable securities are exposed to various risks such as interest rate, market volatility, 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 term and those changes could materially affect the amounts reported in the statements of financial position.

Approximately 32% and 40% of total contributions and special events revenue were derived from a single annual event, the Heritage Awards Dinner, during the years ended 2024 and 2023, respectively.

Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments that are readily convertible into cash and have an original maturity of three months or less on the date of acquisition.

Investments

Investments are carried at fair value. Fair value is 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. Investment income or loss is included in other income in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. See Note 3.

Interest in net assets of the Endowment Fund

The Endowment Fund is considered to be a financially interrelated entity and as such, the Organization's interest in the net assets of the Endowment Fund is the net asset balance of the Endowment Fund as reported in their audited financial statements. Changes in the value of the Endowment Fund from year to year are recorded as an increase or decrease in net assets with donor restrictions in the statements of activities. See Note 5.

Contributions and other receivables

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Amounts that are expected to be collected in future years are discounted, if material, to estimate the present value of future cash flows. Estimated discounts at September 30, 2024 and 2023 were considered immaterial. An allowance for doubtful accounts is established and accounts written off as needed based upon factors surrounding the credit risk of specific donors.

Boys and Girls Country of Houston, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 1 - Basis of Presentation and Summary of Significant Accounting Policies (Continued)Contributions and other receivables (continued)

Contributions receivables are as follows at September 30, 2024 and 2023:

	2024	2023
Receivable in less than one year	\$ 784,447	\$ 762,130
Receivable in one to five years	<u>1,050,000</u>	<u>1,050,000</u>
	1,834,447	1,812,130
Less: allowance for doubtful accounts	<u>(2,636)</u>	<u>(2,636)</u>
	<u>\$ 1,831,811</u>	<u>\$ 1,809,494</u>

Other receivables consist of amounts due primarily from the Endowment Fund and donor contributions and other revenues made through third party credit card processors. Generally, no collateral or other security is required to support other receivables.

Property and equipment

Purchased property and equipment are stated at cost, and donated assets are recorded at fair value at the date of donation. Such donations are reported as increases in net assets without restrictions unless the donor has restricted the donated asset to a specific purpose. Major additions and improvements are capitalized, while maintenance and repairs are expensed as incurred. When assets are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated lives for computing depreciation on property and equipment are:

<u>Asset Classification</u>	<u>Useful Life (Years)</u>
Vehicles	3
Equipment	1 to 15
Computer equipment	2 to 6
Furniture and fixtures	3 to 15
Buildings	3 to 30
Leasehold improvements	3 to 40

Refundable advances

Refundable advances consists primarily of funds and contributions received for attendance at events to be held in the future.

Boys and Girls Country of Houston, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 1 - Basis of Presentation and Summary of Significant Accounting Policies (Continued)Basis of presentation

The accompanying financial statements have been prepared on an accrual basis of accounting in accordance with GAAP. Accordingly, these financial statements present the financial position, change in net assets, and cash flows of the Organization.

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification, net assets, revenues, expenses, gains and losses are classified on the existence or absence of donor-imposed restrictions, as follows:

- Net assets without donor restrictions include those net assets whose use is not restricted by donor-imposed stipulations even though their use may be limited in other respects such as by contract or board designation.
- Net assets with donor restrictions include contributions restricted by the donor for specific purposes or time periods. When the purpose is accomplished or the time restriction is met, net assets with donor restrictions are released to net assets without donor restrictions. Net assets with donor restrictions also include the Organization's interest in net assets with donor restrictions of the Endowment Fund and earnings on the net assets without donor restrictions that were transferred by the Organization to the Endowment Fund. Net assets with donor restrictions also includes contributions received by the Endowment Fund whereby donors have restricted the contribution in perpetuity. The related investment income is available to the Endowment Fund to distribute to the Organization to support various activities.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor for future periods or a specific purpose are reported as increases in net assets with donor restrictions depending upon the nature of the restriction. When a restriction expires or is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions in which the restrictions are met in the same year as received are recorded as unrestricted contributions in the accompanying statements of activities.

Boys and Girls Country of Houston, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 1 - Basis of Presentation and Summary of Significant Accounting Policies (Continued)Contributions (continued)

Conditional promises to give are not included as support until the promise becomes unconditional. A conditional promise to give has a barrier to overcome and either the right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. As of September 30, 2024 and 2023, \$1,109,895 and \$1,137,441 respectively, were considered conditional as they are dependent on occurrence of the annual dinner and are included in refundable advances on the statement of financial position.

The Organization recognizes gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

The Organization requests reimbursements for the care of certain children from Texas Department of Family and Protective Services, Social Security and families. Due to the uncertainty of collection, such reimbursements are recognized as revenue when the funds are received.

In-kind contributions

Donated assets, materials and use of facilities are recognized at fair value as contributions when an unconditional commitment is received from the donor. Fair value is determined by management using information provided by the donor and in comparison, to current prices to acquire such goods or services. The related asset or expense is recorded as the item is used. Contributions of services which would typically need to be purchased, if not provided by donation, are recognized either when services received create or enhance nonfinancial assets or are provided by individuals possessing specialized skills. For the years ended September 30, 2024 and 2023, \$17,066 and \$0 of donated property and equipment and \$2,429 and \$8,319 of donated goods were recorded as assets and program expenses, respectively.

Functional expenses

The Organization allocates expenses on a functional basis among the various programs and supporting activities. Expenses that can be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification. Certain expenses benefit multiple programs as well as support functions and are allocated to the functional categories as follows:

- Salaries and related benefits are allocated based on job position and time allocations reported by employees.
- Other expenses not directly identifiable to a specific function are allocated based on salary percentages.

Boys and Girls Country of Houston, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 1 - Basis of Presentation and Summary of Significant Accounting Policies (Continued)Income taxes

The Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the Organization is subject to taxes on unrelated business income. No unrelated business income was generated in the years ended September 30, 2024 and 2023.

The Organization believes that all significant tax positions utilized by the Organization will more likely than not be sustained upon examination. As of September 30, 2024, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the fiscal year 2021 forward (with limited exceptions). Tax penalties and interest, if any, would be accrued as incurred and would be classified as management and general expense in the statement of activities.

Note 2 - Liquidity and Availability

The Organization manages its cash flows through the use of an annual budget that is created by management and approved by its board of directors. The Organization generally relies on proceeds from its fund-raising events, contributions from different constituencies, grants from the Endowment and other sources of revenue to fund its ongoing operations. Each year the Endowment may grant to the Organization up to five percent of its net assets (approximately \$1,511,000 and \$1,280,000 at September 30, 2024 and 2023, respectively) based on a request from the Organization. Grant funds are drawn by the Organization when needed to provide liquidity for operations. The Organization seeks to maximize the return on excess funds through investments in marketable securities for its own account. When needed, these marketable securities are liquidated to fund operations.

Financial assets available to fund subsequent year operations are as follows at September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 259,537	\$ 355,047
Contributions receivable, net	1,831,811	1,809,494
Other receivables	<u>694</u>	<u>332,694</u>
	<u>\$ 2,092,042</u>	<u>\$ 2,497,235</u>

Boys and Girls Country of Houston, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 3 - Fair Value Disclosures

The Organization uses a three-level hierarchy for determination of the fair value. This hierarchy is based on the transparency of inputs to the valuation process as follows:

- Level 1 – observable inputs such as quoted prices in active markets at the measurement date for identical assets or liabilities.
- Level 2 – other inputs that are observable directly or indirectly such as quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the financial instruments. The fair value of Level 3 financial instruments is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the techniques used during 2024 and 2023. There were no significant transfers in or out of the fair value categories during 2024 and 2023.

The fair values of marketable securities are categorized as follows at September 30, 2024 and 2023:

	Level 1	Level 2	Level 3	Total
September 30, 2024				
Money market mutual fund	\$ 252,770	\$ -	\$ -	\$ 252,770
Corporate bonds	-	2,003,650	-	2,003,650
Total investments	\$ 252,770	\$ 2,003,650	\$ -	\$ 2,256,420
September 30, 2023				
Money market mutual fund	\$ 893,077	\$ -	\$ -	\$ 893,077
Treasury bills		247,564		247,564
Corporate bonds	-	2,444,003	-	2,444,003
Total investments	\$ 893,077	\$ 2,691,567	\$ -	\$ 3,584,644

Boys and Girls Country of Houston, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 3 - Fair Value Disclosures (Continued)

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

Note 4 - Property and Equipment

Property and equipment consist of the following at September 30:

	2024	2023
Vehicles	\$ 688,121	\$ 681,310
Furniture and fixtures	1,795,864	1,692,017
Buildings	14,724,360	13,382,417
Livestock	59,350	59,350
Construction in progress	507,619	178,412
Land and land improvements	4,735,294	4,731,614
	22,510,608	20,725,120
Less: accumulated depreciation	(12,453,990)	(11,897,862)
Total property and equipment, net	\$ 10,056,618	\$ 8,827,258

Depreciation expense totaled \$626,329 and \$530,884 for the years ended September 30, 2024 and 2023, respectively.

Since 2015, the Organization has entered into a series of agreements with HomeAid Houston and various builders for the construction of replacement cottages under its Cottage Rebuild Program. Each agreement requires the builder to build a cottage for which approximately half of the cost will be paid by the Organization and approximately half of the cost will consist of donated materials and services. The Organization is required to make a donation to HomeAid of five percent of the estimated value of the donated materials and services which is paid prior to completion of the cottage.

In addition, the Organization must use each cottage for ten years from the date of completion or reimburse HomeAid Houston ten percent of the value of the donated materials and services for each year that a cottage is not used for the mission of the organization. The Organization intends to utilize each cottage for the full term of each agreement, thus unexpired contingent liabilities have not been recorded.

Boys and Girls Country of Houston, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 4 - Property and Equipment (Continued)

The status of each agreement and the amount of the Organization's contingent liability for each project is as follows:

Joanne Watford Cottage

The cottage was completed on November 30, 2016 and included \$335,000 in donated materials and services. At September 30, 2024, the contingent liability to HomeAid Houston was approximately \$70,000.

Hamill Cottage

This cottage was completed on March 21, 2018 at a total cost of \$978,408, including \$512,000 of donated materials and services. At September 30, 2024, the contingent liability to HomeAid Houston was approximately \$179,000.

Woodforest Cottage

This cottage was completed on September 30, 2020 at a total cost of \$723,359, including approximately \$158,000 of donated materials and services. At September 30, 2024, the contingent liability to HomeAid Houston was approximately \$94,000.

Note 5 - The Endowment Fund

In prior years, the Organization transferred a total of \$2,594,360 of unrestricted, excess funds to the Endowment Fund to invest. Earnings on this transfer accrue to the Endowment Fund and are reported as donor restricted for the general support of the Organization. No transfers were made to the Endowment Fund during the years ended September 30, 2024 and 2023. These unrestricted funds are invested with the other Endowment Fund assets but may, upon approval from the Endowment Board of Directors, be utilized by the Organization to fund its activities. In addition, the Organization may request grants from the donor restricted assets of the Endowment Fund to support the specific activities for which they were intended. In the years ended September 30, 2024 and 2023, grants amounting to \$750,000 and \$1,300,000, respectively, were requested and approved. The balance of the net assets of the Endowment Fund, reduced by the transfer noted above, are reflected as net assets with donor restrictions in the accompanying statement of financial position of the Organization.

In September 2011, the Organization entered into a Service Agreement with the Endowment Fund whereby the Endowment Fund reimburses the Organization for payroll and other costs benefiting the Endowment Fund. Fundraising services were provided to the Endowment Fund in the amounts of \$100 and \$9,675 during the years ended September 30, 2024 and 2023, respectively. In addition, during the years ended September 30, 2024 and 2023, the Organization provided to the Endowment Fund in-kind accounting and management services valued at \$37,000 and \$35,000, respectively. At September 30, 2023, other receivables included approximately \$318,000 due from the Endowment Fund, which represented the net of unremitted grant funds and advances made to the Organization. The Organization owed the Endowment Fund approximately \$2,000 at September 30, 2024 for advances.

Boys and Girls Country of Houston, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions are classified based on the nature of donor-imposed restrictions and consist of the following at September 30:

	2024	2023
Purpose restricted:		
Residential services	\$ 631,880	\$ 481,896
College and career	1,401	15,727
Facilities		
Cottage rebuild	2,999,799	3,992,475
Other	176,833	142,703
Endowment support	19,936,442	15,376,046
Total purpose restricted	23,746,355	20,008,847
Time restricted:		
In perpetuity	7,770,615	7,637,918
Total net assets with donor restrictions	\$ 31,516,970	\$ 27,646,765

The Endowment Fund holds assets received from donors restricted to be held in perpetuity, the earnings from which are to be used for the purposes indicated below as of September 30:

	2024	2023
Operations support of Boys and Girls		
Country	\$ 4,132,971	\$ 4,171,792
Scholarships	1,774,746	1,733,476
Children's table funds	607,898	607,650
Facilities maintenance fund	1,130,000	1,000,000
Teaching parent support	125,000	125,000
Total purpose restricted	\$ 7,770,615	\$ 7,637,918

Assets restricted for the long-term purposes of the Cottage Rebuild Program are as follows at September 30:

	2024	2023
Restricted cash and cash equivalents	\$ 385,196	\$ 418,832
Restricted marketable securities	2,256,420	3,584,644
Contributions receivable	1,065,000	1,065,000
Restricted asset surplus	(706,817)	(1,076,001)
Total	\$ 2,999,799	\$ 3,992,475

Boys and Girls Country of Houston, Inc.

Notes to Financial Statements

September 30, 2024 and 2023

Note 6 - Net Assets with Donor Restrictions (Continued)

The restricted asset surplus represents cottage rebuild costs paid using unrestricted assets. During the years ended September 30, 2024 and 2023, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors as follows:

	2024	2023
Capital expenditures	\$ 1,155,898	\$ 194,042
Expenditures for program purposes	<u>232,318</u>	<u>404,777</u>
Total	<u>\$ 1,388,216</u>	<u>\$ 598,819</u>

Note 7 - Retirement Plan

The Organization contributes an amount equal to 3% of each employee's annual salary to a defined-contribution retirement plan for employees who have met the Plan's eligibility requirements. The Organization contributed \$64,787 and \$70,381 to the plan during the years ended September 30, 2024 and 2023, respectively.

Note 8 - Subsequent Events

Management has evaluated subsequent events as of March 14, 2025, the date the financial statements were available to be issued and has determined that there are no subsequent events to be reported.