

Boys and Girls Clubs of Metro Denver, Inc.

**Financial Statements
and Single Audit Reports**

**September 30, 2025
(With Summarized Comparative Totals for September 30, 2024)**

(With Independent Auditor's Report Thereon)

Boys and Girls Clubs of Metro Denver, Inc.

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Independent Auditor's Report

**Board of Directors
Boys and Girls Clubs of Metro Denver, Inc.**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Boys and Girls Clubs of Metro Denver, Inc., which comprise the statement of financial position as of September 30, 2025, 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 present fairly, in all material respects, the financial position of the Boys and Girls Clubs of Metro Denver, Inc. as of September 30, 2025, 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 (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Boys and Girls Clubs of Metro Denver, 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 GAAP, 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, which raise substantial doubt about the Boys and Girls Clubs of Metro Denver, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
Boys and Girls Clubs of Metro Denver, Inc.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Board of Directors
Boys and Girls Clubs of Metro Denver, Inc.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2026 on our consideration of the Boys and Girls Clubs of Metro Denver, Inc.'s internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Boys and Girls Clubs of Metro Denver, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Boys and Girls Clubs of Metro Denver, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Boys and Girls Clubs of Metro Denver, Inc.'s 2024 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 28, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kundinger, Corder & Montoya, P.C.

January 20, 2026

Boys and Girls Clubs of Metro Denver, Inc.
Statement of Financial Position
September 30, 2025
(With Summarized Information for September 30, 2024)

	2025	2024
Assets		
Cash and cash equivalents	\$ 10,209,040	8,338,064
Contributions and grants receivable, net (note 3)	945,166	1,527,944
Accounts receivable	277,338	320,785
Prepaid expenses and other assets	269,103	428,657
Investments (note 4)	57,984,645	55,108,212
Property and equipment, net (note 5)	16,231,562	16,723,353
Land lease deposit (note 1(j))	215,002	217,500
Operating lease right of use asset (note 1(j))	161,060	163,760
Total assets	\$ <u>86,292,916</u>	<u>82,828,275</u>
Liabilities and Net Assets		
Accounts payable	\$ 267,546	471,069
Accrued expenses	1,089,703	1,405,336
Income tax accrual (note 1(p))	325,367	100,493
Deferred revenue (note 1(k))	523,015	555,120
Refundable advances (note 1(k))	536,601	126,850
Operating lease liability (note 1(j))	161,060	163,760
Total liabilities	<u>2,903,292</u>	<u>2,822,628</u>
Net assets (notes 6 and 7)		
Without donor restrictions		
Undesignated	5,772,152	7,840,150
Property and equipment	16,231,562	16,723,353
Designated	24,536,708	21,910,610
Net assets without donor restrictions	46,540,422	46,474,113
Net assets with donor restrictions	36,849,202	33,531,534
Total net assets	83,389,624	80,005,647
Commitments (note 9)		
Total liabilities and net assets	\$ <u>86,292,916</u>	<u>82,828,275</u>

See the accompanying notes to the financial statements.

Boys and Girls Clubs of Metro Denver, Inc.
Statement of Activities
Year Ended September 30, 2025
(With Summarized Information for the Year Ended September 30, 2024)

		2025		2024
		Without Donor Restriction	With Donor Restriction	Total
Operating revenue and support				
Contributions and grants				
Foundations, corporations, and individuals	\$	5,311,181	2,528,256	7,839,437
Government grants		2,863,863	—	2,863,863
Contract revenue		3,155,924	—	3,155,924
Donated goods, services, and facilities (note 8)		3,109,895	—	3,109,895
Raffle revenue		4,089,755	—	4,089,755
Less raffle prizes		(1,401,521)	—	(1,401,521)
Special events revenue		1,745,569	—	1,745,569
Less direct expenses		(367,379)	—	(367,379)
Other income		883,304	—	883,304
Net assets released (note 6)		3,009,549	(3,009,549)	—
Total operating revenue and support		22,400,140	(481,293)	21,918,847
Operating expenses				
Program services				
Academic success		6,099,556	—	6,099,556
Character and Leadership		5,240,504	—	5,240,504
Healthy lifestyles		7,576,725	—	7,576,725
Total program services		18,916,785	—	18,916,785
Supporting services				
Management and general		2,972,114	—	2,972,114
Resource development		1,978,491	—	1,978,491
Raffle		1,827,363	—	1,827,363
Total supporting services		6,777,968	—	6,777,968
Total operating expenses		25,694,753	—	25,694,753
Net loss from operations		(3,294,613)	(481,293)	(3,775,906)
Non-operating activities				
Revenue from COVID relief programs (note 1(k))		1,920,409	—	1,920,409
Bequest contributions		—	—	—
Net investment return		2,223,668	3,798,961	6,022,629
Depreciation and amortization		(783,155)	—	(783,155)
Total non-operating activities		3,360,922	3,798,961	7,159,883
Change in net assets		66,309	3,317,668	3,383,977
Net assets, beginning of year		46,474,113	33,531,534	80,005,647
Net assets, end of year	\$	46,540,422	36,849,202	83,389,624

See the accompanying notes to the financial statements.

Boys and Girls Clubs of Metro Denver, Inc.
Statement of Functional Expenses
Year Ended September 30, 2025
(With Summarized Information for the Year Ended September 30, 2024)

	Program Services				Supporting Services				2025 Total Expenses	2024 Total Expenses
	Academic Success	Character and Leadership	Healthy Lifestyles	Total	Management and General	Resource Development	Raffle	Total		
Expenses										
Compensation	\$ 3,834,067	3,091,096	4,918,825	11,843,988	1,339,060	1,630,146	—	2,969,206	14,813,194	13,429,214
Occupancy	935,762	918,164	921,460	2,775,386	32,442	4,520	—	36,962	2,812,348	3,630,198
Raffle prizes	—	—	—	—	—	—	1,401,521	1,401,521	1,401,521	1,825,199
Program services	735,629	764,529	1,178,781	2,678,939	10,084	609	—	10,693	2,689,632	2,925,865
Marketing and communications	47,222	47,222	47,222	141,666	66,596	71,220	1,155,402	1,293,218	1,434,884	1,274,349
Professional services	91,576	85,654	111,381	288,611	479,858	43,778	510,346	1,033,982	1,322,593	1,434,739
Office and other expenses	199,593	156,393	207,237	563,223	616,008	121,433	161,542	898,983	1,462,206	1,444,014
Partner grants	53,211	53,211	53,211	159,633	—	—	—	—	159,633	—
Special events	1,740	1,740	1,883	5,363	4,042	414,346	73	418,461	423,824	375,252
Insurance	84,510	84,510	87,455	256,475	290,900	1,473	—	292,373	548,848	459,473
Software	116,246	37,985	49,270	203,501	133,124	58,345	—	191,469	394,970	365,505
Total expenses before depreciation	6,099,556	5,240,504	7,576,725	18,916,785	2,972,114	2,345,870	3,228,884	8,546,868	27,463,653	27,163,808
Expenses netted against revenue										
Special events	—	—	—	—	—	(367,379)	—	(367,379)	(367,379)	(326,677)
Raffle prizes	—	—	—	—	—	—	(1,401,521)	(1,401,521)	(1,401,521)	(1,825,199)
Net expenses before depreciation	6,099,556	5,240,504	7,576,725	18,916,785	2,972,114	1,978,491	1,827,363	6,777,968	25,694,753	25,011,932
Depreciation and amortization	190,903	190,903	266,821	648,627	134,528	—	—	134,528	783,155	759,002
Net expenses after depreciation	<u>\$ 6,290,459</u>	<u>5,431,407</u>	<u>7,843,546</u>	<u>19,565,412</u>	<u>3,106,642</u>	<u>1,978,491</u>	<u>1,827,363</u>	<u>6,912,496</u>	<u>26,477,908</u>	<u>25,770,934</u>

See the accompanying notes to the financial statements.

Boys and Girls Clubs of Metro Denver, Inc.
Statement of Cash Flows
Year Ended September 30, 2025
(With Summarized Information for the Year Ended September 30, 2024)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 3,383,977	9,641,683
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	780,657	756,502
Amortization of land lease	2,498	2,500
Realized and unrealized gains on investments	(4,452,845)	(8,793,272)
Contributions restricted for endowment	(109,000)	(70,500)
Gain on disposal of fixed assets	(2,440)	—
Investment return on endowment assets	(776,629)	(583,117)
Change in operating assets and liabilities		
Contributions and grants receivable	582,778	38,518
Accounts receivable	43,447	(131,957)
Prepaid expenses and other assets	159,554	(103,390)
Accounts payable	(203,523)	(44,228)
Accrued expenses	(315,633)	8,443
Income tax accrual	224,874	100,493
Deferred revenue	(32,105)	(196,743)
Refundable advances	409,751	(126,850)
Net cash (used in) provided by operating activities	<u>(304,639)</u>	<u>498,082</u>
Cash flows from investing activities		
Purchases of property and equipment	(286,426)	(294,420)
Net sales (purchases) of investments	<u>1,576,412</u>	<u>(1,812,704)</u>
Net cash provided by (used in) investing activities	<u>1,289,986</u>	<u>(2,107,124)</u>
Cash flows from financing activities		
Investment income on endowment assets	776,629	583,117
Contributions restricted for endowment	<u>109,000</u>	<u>70,500</u>
Net cash provided by financing activities	<u>885,629</u>	<u>653,617</u>
Net increase (decrease) in cash and cash equivalents	1,870,976	(955,425)
Cash and cash equivalents, beginning of year	<u>8,338,064</u>	<u>9,293,489</u>
Cash and cash equivalents, end of year	<u>\$ 10,209,040</u>	<u>8,338,064</u>

See the accompanying notes to the financial statements.

Boys and Girls Clubs of Metro Denver, Inc.
Notes to Financial Statements
September 30, 2025

(1) Summary of Significant Accounting Policies

(a) Organization

Boys and Girls Clubs of Metro Denver, Inc. (BGCMD) is a Colorado nonprofit organization that provides young people, ages 5 – 18, with quality programming. Programming takes place primarily after school and throughout the summer and offers activities and services to address the needs of the whole child and their family. The programming offered through BGCMD helps youth achieve academic and career success, live healthy lifestyles, and develop good character and leadership skills. BGCMD also provides Club members and families with behavioral health resources and support, including social-emotional learning programs and access to a team of licensed clinical social workers. BGCMD currently operates twenty-seven Club locations, including seven freestanding Clubs and twenty locations based in schools, and a summer camp in Ward, Colorado.

BGCMD programming is built around the following core outcome areas:

Character and Leadership

Developing good character and demonstrating leadership skills are critical for young people to succeed in school and in life. BGCMD's Character and Leadership programs challenge kids to be community-minded and empower them through opportunities to affect change by working together.

Club members have the opportunity to develop leadership skills in many ways, such as by serving as a peer mentor or committee officer, working with adults in the community, and giving back to their community. BGCMD members organize and carry out hundreds of projects to lend a hand and make a difference in their schools, Clubs, and neighborhoods each year. Clubs teach young people how to roll up their sleeves, dig in, and become active participants in their community. This civic engagement works: Club members consistently demonstrate positive, productive coping techniques and high levels of responsibility.

Academics and Careers

Education and career development enables youth to become proficient in basic educational disciplines, apply learning to everyday situations, and learn skills to achieve success in career or college after high school graduation. BGCMD staff use all program areas to create opportunities for high yield learning activities including reading and literacy, writing activities, math, discussions with knowledgeable adults and professionals, helping others, homework support, tutoring, and games that develop cognitive skills. Educationally-enriching activities in every area of the Club – from the art room, to the gym, to the tech lab – focus on deliberate skills-building to complement Club members' traditional academic instruction and spark young people's passions. BGCMD also emphasizes parental/caregiver involvement and collaboration between staff and school professionals as critical factors in creating the best out-of-school time learning environment possible.

Healthy Lifestyles

BGCMD focuses on physical and mental health and life skills programming for all BGCMD members by helping young people make informed decisions about their health and social lives and how those decisions can affect their futures. Programs include social-emotional learning groups, individual mental health support, risky behaviors prevention, reproductive health, positive decision making, healthy habits, exercise and sports teams, nutrition, and conflict resolution.

Boys and Girls Clubs of Metro Denver, Inc.
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(a) Organization, Continued

Healthy Lifestyles, Continued

Outdoor education programming exposes Club members to the resources available to them in natural environments through experiential learning activities. Activities such as rock climbing, snowboarding, skiing, snowshoeing, ice-skating, camping, geocaching, fishing, mountain biking, rafting, and hands-on educational experiences heighten participants' awareness of the outdoors and resources available to them – not only in their Club neighborhoods, but in the great Colorado wilderness.

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

(c) Financial Statement Presentation

BGCMD is required to present information regarding its financial position and activities according to the following net asset classes:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of BGCMD. These net assets may be used at the discretion of BGCMD's management and the board of directors and include board designated funds subject to the endowment spending policy.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of BGCMD or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

(d) Measure of Operations

The statement of activities reports all changes in net assets, including changes resulting from both operating and non-operating activities. Operating activities consist of those items attributable to BGCMD's ongoing program activities and contributions and grants. Non-operating activities are limited to activities to be of a more unusual or nonrecurring nature, and mainly consist of net investment return, depreciation and amortization, and other nonrecurring activities.

BGCMD was gifted a 100% membership interest in River Bend Fund, LLC, a Colorado Limited Liability Company (the LLC), to hold certain assets for the benefit of an endowment established by the donor. As BGCMD is the sole member of the LLC, all accounts and activity of the LLC are included in the financial statements of BGCMD. All intercompany activity has been eliminated in the accompanying financial statements. The assets of the LLC totaled \$4,203,817 at September 30, 2025. Contributions received totaled \$109,000 and activities generated net income of \$1,343,713 for the year then ended.

Boys and Girls Clubs of Metro Denver, Inc.
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(e) Cash and Cash Equivalents

BGCMD considers all money market accounts and highly liquid investments with an initial maturity of three months or less, and which are not held by investment managers as a part of an investment portfolio to be cash equivalents.

(f) Concentrations

Financial instruments that potentially subject BGCMD to concentrations of credit risk consist of cash and cash equivalents, contributions and grants receivable, and investments. BGCMD places its cash and cash equivalents with creditworthy, high-quality financial institutions. At times, a significant portion of the funds are not insured by the Federal Deposit Insurance Corporation or related entity.

BGCMD has significant investments and is, therefore, subject to concentrations of credit risk. Investments are made and monitored by the management of BGCMD pursuant to an investment policy adopted by the board of directors. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes that the investment policy is prudent for the long-term welfare of BGCMD.

Credit risk with respect to contributions and grants receivables is limited due to the number of and credit worthiness of the government entities, individuals, and organizations that make payments to BGCMD.

BGCMD receives a substantial amount of its support from various federal, state, and local government agencies. If a substantial reduction in the future level of this support occurs with no offsetting increase in other funding streams, or if certain reimbursable costs are disallowed, it may have an impact on BGCMD's programs and activities.

(g) Investments

Investments are recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statement of financial position. Fair value is more fully described in note 1(h). Management is responsible for the fair value measurement of investments reported in the financial statements and believes that the reported values are reasonable. Investment return consists of BGCMD's distributive share of any interest, dividends, and capital gains and losses generated from sales of investments. Gains and losses attributable to investments are realized and reported upon a sale or disposition of the investment. Unrealized gains and losses are included in the change in net assets in the statement of activities.

(h) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Generally accepted accounting principles (GAAP) establish a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Assets are grouped at fair value in three levels based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

Boys and Girls Clubs of Metro Denver, Inc.
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Fair Value Measurements, Continued

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Inputs other than quoted market prices that are observable for the asset/liability, either directly or indirectly.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These classifications (Level 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

In addition, certain investments are reported using the "practical expedient" method. The practical expedient method allows net asset value per share or its equivalent to represent fair value for reporting purposes when the criteria for using this method are met. Investments valued using net asset value per share or its equivalent are not categorized within the hierarchy.

Investments in equity mutual funds, exchange traded products, bond funds, and cash and money market funds with readily determinable market values are reported at fair value based on quoted prices in active markets. Investments in equity securities and exchange traded products fluctuate in value in response to many factors such as the activities and financial condition of individual companies, business and industry market conditions, and the general economic environment. Alternative investments are not publicly traded on national security markets exchanges, are generally illiquid, and may be valued differently should readily available markets exist for such investments. The market value for alternative investments represents the pro-rata interest in the net assets of the investment and is based on financial information determined and reported by the investment manager. Based on inherent uncertainties of valuation of alternative investments, the reported market value of the investment may differ significantly from realizable values.

(i) Property and Equipment

Property and equipment is recorded at cost at the date of purchase or, if donated, at the approximate fair market value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from three to forty years. Property improvements are amortized ratably over the estimated useful life. It is BGCMD's policy to capitalize all fixed asset purchases over \$5,000 with an estimated useful life greater than one year, and to expense normal repairs and maintenance as incurred. When assets are sold, retired, or otherwise disposed of, the applicable costs are removed from the accounts and any resulting gain or loss is recognized. Management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Boys and Girls Clubs of Metro Denver, Inc.
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Leases

Land Lease Deposit

BGCMD has a 99-year operating land lease for the site of the Nancy P. Anschutz Center. The lease was paid in advance in the amount of \$245,000 and is being amortized over 99 years. The balance of the lease deposit was \$215,002 at September 30, 2025. The lease can be renewed for an additional 99 years with annual payments of \$2,500.

Operating Lease Right-of-Use Asset and Liability

BGCMD has elected not to record in the statement of financial position a lease whose term is twelve months or less and does not include a purchase option that BGCMD is reasonably certain to exercise. BGCMD has a 99-year operating land lease for the site of the Nancy P. Anschutz Center. BGCMD has elected to use the 30-year treasury bill rate as of September 30, 2022, 3.79%, to determine the present value of the lease payments for purposes of calculating the right-of-use asset and lease liability. In addition, BGCMD has elected the practical expedient not to separate lease and non-lease components for the lease. The balance of the operating lease right of use asset and operating lease liability was \$161,060 at September 30, 2025.

(k) Revenue Recognition

Contributions and Grants

Contributions and grants are recognized when cash, securities or other assets, and unconditional promises to give are received. Conditional promises to give, that is, those with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend are substantially met. Should BGCMD substantially meet the conditions in the same period that the contribution was recognized, and barring any further donor restrictions, BGCMD has elected to recognize the revenue in net assets without donor restrictions. Payments received in advance of the conditions being met are recorded as refundable advances in the statement of financial position. At September 30, 2025, conditional contributions and grants from foundations, corporations, and individuals total \$543,292 and have not been recognized in the accompanying financial statements.

At September 30, 2025, the following multi-year conditional contributions related to Club activity has not been recognized in the accompanying financial statements because the conditions have not been met:

Conditioned upon the operating success of the following:

Denver Broncos branch	\$ 1,835,246
Churchill Owen branch	<u>300,000</u>
Total conditional contributions and grants	<u>\$ 2,135,246</u>

Government grants are treated as contributions that are conditioned upon specific performance requirements and the incurrence of allowable qualifying expenses. Consequently, at September 30, 2025, conditional governmental grants totaling \$3,886,748 have not been recognized in the accompanying financial statements. At September 30, 2025, advance payments received under government grants totaled \$536,601 and have been recognized as refundable advances in the statement of financial position.

Included in conditional government revenue is \$1,170,325 related to the Employee Retention Tax Credit (ERTC). In fiscal year 2023, BGCMD applied for the ERTC program for the first three quarters of 2021, totaling \$2,881,712. During fiscal year 2025, the IRS informed BGCMD that they will not be reimbursed for credits related to Q3 of 2021 totaling \$540,600.

Boys and Girls Clubs of Metro Denver, Inc.
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) Revenue Recognition, Continued

Contributions and Grants, Continued

The ERTC allows eligible employers to a refund of employer payroll taxes of up to 70% of qualified wages per quarter. BGCMD filed amended Forms 941 to request a refund of employer payroll taxes paid during the applicable quarters. Laws and regulations concerning government relief programs, including the ERTC, are complex and subject to varying interpretations. Claims made under these programs may be subject to audit and review by these regulatory authorities. As such, BGCMD has elected to recognize the ERTC funding as contribution revenue when received. During the year ended September 30, 2025, \$1,508,654 was received, as well as interest income of \$411,755. Total revenue recognized from the ERTC program for the year ended September 30, 2025 was \$1,920,409.

Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions and grants, including contributions and grants receivable, which are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions and grants receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. BGCMD uses the allowance method to determine uncollectible contributions and grants receivable. The allowance is based on past collection experience and management's analysis of specific promises made. Contributions and grants deemed uncollectible are charged to the allowance in the year they are deemed uncollectible. At September 30, 2025, management has not recorded an allowance for doubtful accounts as all contributions and grants receivable are considered to be collectible. No amounts were written off against bad debt during the year ended September 30, 2025.

Contracts

A significant portion of BGCMD's revenue is derived from contracts to provide Club services through its normal programming for kids at school sites throughout Metro Denver. This funding is sourced from the schools to serve kids at those specific schools and BGCMD provides services directly for the school districts. Revenue for these contracts is spread out evenly on a monthly basis over the life of the contract. Revenue is earned on a monthly basis as programming is provided at these locations and not recorded until the end of the month. Contract revenue is recognized in the period in which the related service is provided. Cash received in advance of the services being provided is recorded as deferred revenue.

Accounts receivable represent special event revenue due and fees earned for services provided. BGCMD uses the allowance for credit losses method to determine uncollectible amounts. In determining the collectability of receivables, management considers contract terms, past collection experience, and performs an analysis of current conditions and subsequent collections. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible. At September 30, 2025, management has determined that no allowance for credit losses related to these receivables is necessary. All accounts receivable are expected to be collected within one year. No uncollectible amounts written off against bad debt were recorded for the year ended September 30, 2025.

Boys and Girls Clubs of Metro Denver, Inc.
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) Revenue Recognition, Continued

Raffle and Special Event Revenue

Revenue from the raffles and fundraising events are recognized during the period in which the raffle or special event is held. Cash received but not yet earned is reported as deferred revenue in the statement of financial position and totals \$523,015 for the year ended September 30, 2025.

(l) Donated Goods, Services, and Facilities

Contributed nonfinancial assets include donated rent, supplies, food, and professional services which are recorded as contributions and corresponding expenses in the accompanying financial statements at their estimated values at the date of donation. All contributed nonfinancial assets are utilized by BGCMD and BGCMD does not sell donated gifts-in-kind. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by BGCMD. Many individuals volunteer their time and perform a variety of tasks that assist BGCMD in its programs and general operations. However, the value of this contributed time is not reflected in the accompanying financial statements as it does not meet the criteria of recognition under GAAP. See also note 8.

(m) Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. BGCMD incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. Certain categories of expenses are attributable to more than one program or supporting service and are allocated on a reasonable basis that is consistently applied. The significant expenses allocated include Club operations, programs, and activities, which are allocated one-third to each program; compensation and technology, which are allocated based on time and effort; and human resources, which are based on the fiscal year's payroll census. Depreciation and occupancy costs are allocated on an estimated usage basis.

(n) Advertising

BGCMD uses advertising to promote its fundraising efforts and raffle sales. The production costs of advertising for general fundraising are expensed as incurred. The production costs of advertising for special events and raffles are recorded as prepaid expenses until the event or drawing takes place. During the year ended September 30, 2025, BGCMD incurred advertising expenses of \$1,259,394 included with marketing and communications on the statement of functional expenses. At September 30, 2025, deferred advertising costs totaled \$67,325.

(o) Estimates

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.

Boys and Girls Clubs of Metro Denver, Inc.
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(p) Income Taxes

BGCMD is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, BGCMD qualifies for the charitable contribution deduction. Income from activities not directly related to BGCMD's tax-exempt purpose is subject to taxation as unrelated business income. At times, certain of BGCMD's investment funds report unrelated business income which is taxable to BGCMD. \$325,367 has been accrued for tax expenses related to unrelated business income received during September 30, 2025.

Management is required to evaluate tax positions taken by BGCMD, and to recognize a tax liability (or asset) if BGCMD has taken an uncertain tax position that more likely than not would not be sustained upon examination by taxing authorities. BGCMD believes it has appropriate support for any tax positions taken and that none would require recognition of a liability or disclosure in the financial statements. BGCMD is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The three previous tax years remain subject to examination by the IRS.

(q) Subsequent Events

BGCMD has evaluated all subsequent events through January 20, 2026, which is the date the financial statements were available to be issued.

(r) Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with BGCMD's financial statements for the year ended September 30, 2024, from which the summarized information was derived.

(s) Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications had no effect on previously reported net assets or the change in net assets.

Boys and Girls Clubs of Metro Denver, Inc.
Notes to Financial Statements, Continued

(2) Availability and Liquidity of Financial Assets

The following represents BGCMD's financial assets as of September 30, 2025, that are available for expenditure for on-going programs and general operations within one year.

Financial assets available to fund general operations:	
Cash and cash equivalents	\$ 10,209,040
Contributions and grants receivable for on-going programs and general operations, current	945,166
Accounts receivable	277,338
Investments	<u>57,984,645</u>
Total financial assets	69,416,189
Less financial assets not available within the year ending September 30, 2025:	
Restricted endowments	(32,332,280)
Illiquid investments	(64,171)
Funds restricted for scholarships	(1,278,002)
Board-designated funds	<u>(24,536,708)</u>
Total financial assets not available	(58,211,161)
Plus other funds subject to appropriation for expenditure:	
Fiscal year 2026 estimated endowment distributions	<u>993,805</u>
Total financial assets available for expenditure within one year	\$ <u>12,198,833</u>

General expenditures include management and general, program, and resource development expenses incurred in the conduct of ongoing activities. BGCMD's activities are sustained primarily through contributions, governmental grants, contracts, raffles, and special events. BGCMD anticipates collecting sufficient revenue in 2026 to cover general expenditures not covered by the above available financial assets.

BGCMD considers donor restricted contributions for ongoing programs to be available for expenditure, provided they are available for expenditure within the next twelve months. As part of its liquidity management, BGCMD has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. BGCMD invests cash in excess of daily requirements in short-term investments and money market funds. As discussed in note 7, BGCMD maintains certain donor restricted endowments for the benefit of specific clubs and ongoing operations.

(3) Contributions and Grants Receivable

Contributions and grants receivable consist of the following as of September 30, 2025:

	Due within <u>one year</u>	Due in two <u>to five years</u>	<u>Total</u>
Contributions	\$ 91,532	—	91,532
Grants	476,643	—	476,643
Beneficial interest in lead trust	<u>386,886</u>	<u>—</u>	<u>386,886</u>
Total receivables	955,061	—	955,061
Less unamortized discount	<u>(9,895)</u>	<u>—</u>	<u>(9,895)</u>
Net contributions and grants receivable	\$ <u>945,166</u>	<u>—</u>	<u>945,166</u>

Boys and Girls Clubs of Metro Denver, Inc.
Notes to Financial Statements, Continued

(3) Contributions and Grants Receivable, Continued

BGCMD has been named as a beneficiary of a charitable lead annuity trust dated July 31, 2021. Under the terms of the trust agreement, BGCMD is entitled to one-fifth of the annual fixed annuity payment, to be paid at the end of each calendar year over five years. The total expected payments have been discounted using a discount rate of 4.25%.

(4) Investments

Investments consist of the following at September 30, 2025:

Equity mutual funds:	
Domestic	\$ 29,914,684
International	7,134,204
Exchange traded products	4,410,919
Bond funds	8,065,371
Cash and money market funds	3,329,890
Alternative investments:	
Private equity	1,362,093
Private market infrastructure	1,290,370
Private debt	1,216,028
River Bend Fund, LLC real estate	1,196,915
Illiquid investments	<u>64,171</u>
Total investments	<u>\$ 57,984,645</u>

The following table summarizes the valuation of BGCMD's investments by the fair value hierarchy levels as of September 30, 2025:

			Assets Measured at		
	<u>Fair Value</u>	<u>NAV (a)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity mutual funds	\$ 37,048,888	—	37,048,888	—	—
Exchange traded products	4,410,919	—	4,410,919	—	—
Bond funds	8,065,371	—	8,065,371	—	—
Cash and money market funds	3,329,890	—	3,329,890	—	—
Alternative investments	<u>5,129,577</u>	<u>5,129,577</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total investments	<u>\$ 57,984,645</u>	<u>5,129,577</u>	<u>52,855,068</u>	<u>—</u>	<u>—</u>

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient, which is a reasonable estimate of fair value, have not been classified in the fair value hierarchy. The fair value amounts presented in the above table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

All level 1 investments have been valued using a market approach. All other investments are valued at net asset value per share (or its equivalent) as permitted under the practical expedient rule. There were no changes in valuation techniques during the current year.

Boys and Girls Clubs of Metro Denver, Inc.
Notes to Financial Statements, Continued

(4) Investments, Continued

The following table summarizes the significant information related to investments valued at net asset value per share (or its equivalent) as of September 30, 2025:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Private debt (a)	\$ 1,216,028	348,164	N/A	N/A
Private equity and real estate (b)	2,559,008	877,446	N/A	N/A
Private market Infrastructure (c)	1,290,370	692,235	See note	See note
Illiquid investments (d)	<u>64,171</u>	<u>—</u>	N/A	N/A
Total	\$ <u>5,129,577</u>	<u>1,917,845</u>		

- (a) This category consists of two funds. One of the funds has the primary objective of generating favorable risk-adjusted returns, including current income and capital appreciation, from directly originated investments in middle market companies primarily located and/or operating in the United States. Investments are held primarily in direct lending loans and to a lesser extent, common stock, preferred stock, and warrants. The second fund seeks to generate attractive risk-adjusted returns in distressed and dislocated credit markets by providing capital solutions to corporate borrowers in a variety of complex distressed credit, dislocated credit, restructuring or similar situations. The fair value of these investments has been estimated using the net asset value as reported by the investment manager or its administrator.
- (b) This category consists of two funds. One of the funds seeks attractive returns through acquiring global private equity interests through negotiated secondary market transactions. The investments are composed of sectoral diversification, geographical dispersion, vintage diversification, various fund managers, and strategies. The second fund is invested in real estate holdings and is illiquid and required to be held for an indefinite period. The fair value of the investments in this category has been estimated using the net asset value as reported by the investment manager or its administrator.
- (c) This category consists of two funds. One of the funds seeks to build a diversified infrastructure portfolio by making direct equity and equity-related investments alongside leading infrastructure sponsors and by acquiring secondary interests in well-regarded infrastructure funds and assets. There is no redemption frequency or redemption notice period. The second fund invests in mature, income-generating economic infrastructure investments. The fair value of these investments has been estimated using the net asset value as reported by the investment manager or its administrator. The fund's redemption frequency is semi-annual with a quarterly notice period.
- (d) This category consists of four funds. All investments in this category have been withdrawn and only illiquid securities remain and are required to be held until realized. The fair value of the investments in this category has been estimated using the net asset value as reported by the investment manager or its administrator.

Boys and Girls Clubs of Metro Denver, Inc.
Notes to Financial Statements, Continued

(5) Property and Equipment

Property and equipment consists of the following at September 30, 2025:

Land and improvements	\$ 974,085
Buildings and improvements	25,223,790
Furniture, equipment and vehicles	2,129,962
Other improvements	10,967
Construction in progress	<u>96,990</u>
	28,435,794
Less accumulated depreciation	<u>(12,204,232)</u>
Total property and equipment	<u>\$ 16,231,562</u>

(6) Net Assets

Board-designated net assets and reserves are reported as net assets without donor restrictions in the accompanying financial statements. Board-designated net assets consist of the following at September 30, 2025:

General endowment fund	\$ 13,903,292
Luna Legacy endowment fund	<u>1,176,939</u>
Board designated endowments	15,080,231
Capital replacement reserve	5,723,555
Strategic capital/new initiative reserve	2,748,847
Contingency fund	1,000,000
Club funds	45,000
Holiday assistance	<u>10,000</u>
Total board designated net assets	<u>\$ 24,607,633</u>

The board has elected to establish a general endowment fund and the Kathy Luna Legacy fund for the purpose of maximizing the future benefits of BGCMD's assets to support the ongoing and long-term operations of the organization. The board designated endowment funds are subject to the endowment spending policy as described below. Additionally, the board elected to establish a strategic capital/new initiative reserve for piloting new programs or clubs and a contingency fund for the purpose of supporting unexpected operations of the organization.

Net assets subject to donor restrictions consist of the following at September 30, 2025:

Net assets subject to time and purpose restrictions	\$ 4,516,922
Endowment net assets	<u>32,332,280</u>
Total net assets with donor restrictions	<u>\$ 36,849,202</u>

Net assets subject to time and purpose restrictions are as follows at September 30, 2025:

Cash on hand restricted for:	
Future periods or program expenditures	\$ 2,615,377
Scholarships	1,207,078
Contributions receivable restricted for:	
Beneficial interest in lead trust	376,991
Future periods or program expenditures	<u>317,476</u>
Net assets subject to time and purpose restrictions	<u>\$ 4,516,922</u>

Boys and Girls Clubs of Metro Denver, Inc.
Notes to Financial Statements, Continued

(6) Net Assets, Continued

In FY24, BGCMD received a contribution of \$750,000 from a donor, restricted for scholarship use. The donor did not specify a time restriction on the use of the funds. In accordance with the donor's wishes, the funds are to be used for program expenses as incurred. During FY25, the board of directors designated the \$750,000 donor-restricted contribution to be invested as part of the BGCMD's board-designated general endowment fund. The purpose of this designation is to generate investment income to support scholarships over an extended period. The board's designation does not remove the donor-imposed restriction on the use of the funds; therefore, the \$750,000 continues to be classified as net assets with donor restrictions until the donor's purpose restriction is satisfied. Investment income and gains generated from the invested funds are without donor restrictions. During the year ended September 30, 2025, this investment income totaled \$70,925, and is included in the general endowment fund balance.

During 2025, net assets were released from restrictions for the following expenditures:

Program	\$ 1,657,722
Scholarships	12,108
Endowment distributions	<u>1,339,719</u>
Total net assets released from restrictions	<u>\$ 3,009,549</u>

Net assets restricted for endowments consist of the following at September 30, 2025:

Helen and Arthur E. Johnson Endowment Fund	\$ 13,465,080
Great Futures Endowment Fund	10,646,672
Shopneck Endowment Fund	4,203,817
Clark Endowment Fund	1,841,576
Wilfley Endowment Fund	1,219,327
Rich Barrows Youth Fund	96,110
Unappropriated earnings on the Wilfley Endowment Fund	<u>859,698</u>
Total endowment net assets	<u>\$ 32,332,280</u>

The Helen and Arthur E. Johnson Endowment Fund (the Johnson Fund) was established to support the general operations of the current Arthur E. Johnson Boys and Girls Club or a new facility that replaces the current Arthur E. Johnson Boys and Girls Club. The Johnson Fund is subject to BGCMD's endowment and distribution policies. Distributions may be made from the Johnson Fund without regard to the actual income or historic dollar value of the Johnson Fund.

Upon dissolution of the Boys and Girls Club of Metro Denver Foundation (the Foundation), in February 2022, a gift agreement between the Foundation and BGCMD established an endowment called the Great Futures Fund (the Great Futures Fund) to support the general operations of BGCMD. The Great Futures Fund is administered consistently with BGCMD's current endowment and distribution policies.

The Shopneck Endowment Fund was established in December 2016 and consists of cash and other assets held by the River Bend Fund, LLC, of which BGCMD is the sole member. All earnings and contributions will be used to support operations of the Robert M. Shopneck Boys & Girls Club in Brighton, Colorado. All principal and interest earned during the first ten years from the date of the agreement will be used to increase the value of the fund. No distributions are allowed within the first ten years.

Boys and Girls Clubs of Metro Denver, Inc.
Notes to Financial Statements, Continued

(6) Net Assets, Continued

The Robert J. Clark Endowment Fund (the Clark Fund) was established in December 2021 to support the recruitment, retention, and training of Club-level leadership and/or staff at BGCMD. The Clark Fund is subject to BGCMD's endowment and distribution policies. Distributions may be made quarterly from the Clark Fund, not to exceed 4.5% of the Fund's average net assets on the last day of each of the three fiscal years immediately prior to the year in which such distributions are made.

The George W. Wilfley Endowment Fund (the Wilfley Fund) and subsequent earnings are restricted for general operating expenses of BGCMD facilities. The Wilfley Fund is subject to BGCMD's endowment and distribution policies.

The Rich Barrows Youth Fund (the Barrows Fund) was established in December 2023 to provide financial support for a youth-focused, work-based position at the Denver Broncos Club of BGCMD. The Barrows Fund is subject to BGCMD's endowment and distribution policies.

(7) Endowments

At September 30, 2025, BGCMD's endowment funds are comprised of the following:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	Total <u>Endowments</u>
Board designated endowments	\$ 15,080,231	–	15,080,231
Unappropriated earnings on perpetual endowments	–	859,698	859,698
Perpetual endowments	<u>–</u>	<u>31,472,582</u>	<u>31,472,582</u>
Total endowment net assets	\$ <u>15,080,231</u>	<u>32,332,280</u>	<u>47,412,511</u>

BGCMD follows the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA). BGCMD has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, BGCMD classifies as perpetual endowments (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified as a perpetual endowment represents amounts available for expenditure upon appropriation by the Board in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, BGCMD 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 BGCMD and the donor-restricted endowment funds
- (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 BGCMD resources
- (7) The investment policies of BGCMD

Boys and Girls Clubs of Metro Denver, Inc.
Notes to Financial Statements, Continued

(7) Endowments, Continued

Following are the changes in the endowment net assets for the year ended September 30, 2025:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowments</u>
Endowment net assets, September 30, 2024	\$ 13,061,217	29,474,386	42,535,603
Investment return	1,380,827	3,798,961	5,179,788
Contributions	638,187	116,877	755,064
Appropriated for expenditure	<u>—</u>	<u>(1,057,944)</u>	<u>(1,057,944)</u>
Endowment net assets, September 30, 2025	\$ <u>15,080,231</u>	<u>32,332,280</u>	<u>47,412,511</u>

Funds with Deficiencies

From time to time, the fair values associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires BGCMD to retain as a fund in perpetual duration. There were no deficiencies of this kind in the endowment funds for the year ended September 30, 2025.

Return Objectives and Risk Parameters

BGCMD has adopted investment and spending policies for endowment assets that attempt to provide a reasonable, predictable, stable, and sustainable level of income that supports current needs and provides for growth in assets and income over time.

Strategies Employed for Achieving Objectives

To satisfy its objectives, BGCMD 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).

Distribution Policy and How the Investment Objectives Relate to Distribution Policy

Distributions are based on BGCMD's policy of appropriating for distribution each year 4.5% of the three-year calendar year-end average fair market value of the fund. In establishing the distribution policy, management considered the long-term expected return on its endowment. This is consistent with the objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

(8) Donated Goods, Services, and Facilities

Donated goods, services, and facilities consist of the following at September 30, 2025 and were used to support BGCMD's programmatic activities:

Rent	\$ 1,754,202
Food	745,352
Supplies	468,675
Professional services	<u>141,666</u>
Total	\$ <u>3,109,895</u>

BGCMD leases various facilities from school districts for use in its programs under no cost or below market value lease agreements. The valuations are provided by the various school districts based on the use of their space on an hourly or per room/square foot basis. Contributed food and supplies are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution. Contributed professional services are valued based upon the standard hourly rate charged by the donor.

Boys and Girls Clubs of Metro Denver, Inc.
Notes to Financial Statements, Continued

(8) Donated Goods, Services, and Facilities, Continued

BGCMD occasionally receives various equipment and leasehold improvement donations for use in its programs under no cost. Property and equipment are recorded at the estimated fair market value on the date of donation.

All gifts-in-kind received during the year ended September 30, 2025 were without donor restrictions.

(9) Employee Benefit Plan

BGCMD has a tax-sheltered defined contribution retirement plan covering all full-time employees. Employees are eligible for the plan after completing one year of service. Employees may voluntarily contribute the maximum allowable by the Internal Revenue Code. During the year ended September 30, 2025, BGCMD made a safe-harbor contribution of up to 5% of the annual salaries of eligible participants. BGCMD may also make a discretionary matching contribution equal to a percentage of the participant's elective deferral, not to exceed 4% of eligible compensation. There is no vesting period for employer matching contributions and employees are eligible to participate in the plan after three months of service, with no hour requirement. Contributions to the plan by BGCMD during the year ended September 30, 2025 totaled \$490,833.

Boys and Girls Clubs of Metro Denver, Inc.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

Federal grantor/pass-through grantor/program title	Pass-through Entity Identi- fying Number	Grant award year	Assistance listing number	Federal expen- ditures
U.S. Department of Education				
Pass-through Programs				
Colorado Department of Education				
Twenty-First Century Community Learning Centers	N/A	7/1/24 - 6/30/25	84.287C	\$ 697,485
Twenty-First Century Community Learning Centers	N/A	7/1/25 - 6/30/26	84.287C	191,271
Subtotal 84.287C				<u>888,756</u>
Colorado Department of Education				
COVID-19 American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER)	E2 OST ESSER III	7/1/23-6/30/24	84.425U	2,000
Total Pass-through Programs				<u>890,756</u>
Total U.S. Department of Education				<u>890,756</u>
National Aeronautics and Space Administration				
Direct Program				
Congressionally Directed Programs	N/A	10/1/24-9/30/25	43.014	225,000
Total National Aeronautics and Space Administration				<u>225,000</u>
U.S. Department of Housing and Urban Development				
Direct Program				
Economic Development Initiative, Community Project				
Funding, and Miscellaneous Grant	N/A	8/13/24-8/31/32	14.251	96,990
Total U.S. Department of Housing and Urban Development				<u>96,990</u>
U.S. Department of Agriculture				
Direct Program				
Farm to School Grant Program	N/A	7/22/24-6/30/26	10.575	59,184
Total U.S. Department of Agriculture				<u>59,184</u>
Total Expenditures of Federal Awards				<u>\$ 1,271,930</u>

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Boys and Girls Clubs of Metro Denver, Inc. (BGCMD) under programs of the federal government for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of BGCMD, it is not intended to and does not present the financial position, changes in net assets, or cash flows of BGCMD.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

BGCMD has elected to use the de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Subrecipients

BGCMD did not pass through federal awards to subrecipients during the year ended September 30, 2025.



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

**Board of Directors
Boys and Girls Clubs of Metro Denver, Inc.**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Boys and Girls Clubs of Metro Denver, Inc., (a nonprofit organization) which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 20, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Boys and Girls Clubs of Metro Denver, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Boys and Girls Clubs of Metro Denver, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Boys and Girls Clubs of Metro Denver, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Boys and Girls Clubs of Metro Denver, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Board of Directors
Boys and Girls Clubs of Metro Denver, Inc.**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Boys and Girls Clubs of Metro Denver, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Boys and Girls Clubs of Metro Denver, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kundinger, Corder & Montoya, P.C.

January 20, 2026



**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control
over Compliance Required by the Uniform Guidance**

**Board of Directors
Boys and Girls Clubs of Metro Denver, Inc.**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Boys and Girls Clubs of Metro Denver, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Boys and Girls Clubs of Metro Denver, Inc.'s major federal programs for the year ended September 30, 2025. The Boys and Girls Clubs of Metro Denver, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Boys and Girls Clubs of Metro Denver, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Boys and Girls Clubs of Metro Denver, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Boys and Girls Clubs of Metro Denver, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Boys and Girls Clubs of Metro Denver, Inc.'s federal programs.

Board of Directors
Boys and Girls Clubs of Metro Denver, Inc.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Boys and Girls Clubs of Metro Denver, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Boys and Girls Clubs of Metro Denver, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Boys and Girls Clubs of Metro Denver, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Boys and Girls Clubs of Metro Denver, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Boys and Girls Clubs of Metro Denver, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Board of Directors
Boys and Girls Clubs of Metro Denver, Inc.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kundinger, Corder & Montoya, P.C.

January 20, 2026

Boys and Girls Clubs of Metro Denver, Inc.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2025

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Boys and Girls Clubs of Metro Denver, Inc. (BGCMD) were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of BGCMD, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit as reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance*.
5. The auditor's report on compliance for the major federal award program expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no audit findings relating to major programs that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The program tested as a major program was Twenty-First Century Community Learning Centers (Assistance Listing No. 84.287C).
8. The threshold for distinguishing between Type A and B programs was \$1,000,000.
9. BGCMD was determined to be a low-risk auditee.

B. Findings – Financial Statements Audit

None.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

None.

Boys and Girls Clubs of Metro Denver, Inc.
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2025

None.