

BOYS & GIRLS CLUB OF THE CAPITAL AREA, INC.

(A NON-PROFIT ORGANIZATION)

Financial Statements

December 31, 2025



Boys & Girls Club of the Capital Area, Inc.
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Independent Auditor's Report

Board of Directors
Boys & Girls Club of the Capital Area, Inc.
Pierre, South Dakota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Boys & Girls Club of the Capital Area, Inc. (a non-profit organization) (the Organization), which comprise the statement of assets and net assets - modified cash basis as of December 31, 2025, and the related statements of receipts and disbursements and functional disbursements for the sixteen months then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets and net assets of the Organization as of December 31, 2025, and its receipts and disbursements for the sixteen months then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 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, 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.

Casey Peterson, LTD

Casey Peterson, LTD

Rapid City, South Dakota

May 4, 2026

FINANCIAL STATEMENTS

Boys & Girls Club of the Capital Area, Inc.
Statement of Assets and Net Assets - Modified Cash Basis
December 31, 2025

ASSETS

Current Assets:

Cash and Cash Equivalents	<u>\$ 874,681</u>
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Other Assets:

Beneficial Interest in Amounts Held by Others	910,391
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Certificates of Deposit	706,574
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Investments	<u>809,027</u>
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Total Other Assets	<u>2,425,992</u>
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TOTAL ASSETS	<u><u>\$ 3,300,673</u></u>
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NET ASSETS

Without Donor Restrictions:

Board-designated Endowment - Operations	\$ 999,693
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Undesignated	2,153,078
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With Donor Restrictions	<u>147,902</u>
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TOTAL NET ASSETS	<u><u>\$ 3,300,673</u></u>
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The accompanying notes are an integral part of this statement.

Boys & Girls Club of the Capital Area, Inc.
Statement of Receipts and Disbursements - Modified Cash Basis
For the Sixteen Months Ended December 31, 2025

NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenue and Support:

Contributions	\$ 3,464,089
Grants	519,379
Membership Dues	516,919
Special Events	105,816
Contracted Services	8,600
Net Investment Return	<u>143,421</u>

Total Revenue and Support	<u>4,758,224</u>
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Expenses:

Program Services	1,286,778
Supporting Services:	
Administration	288,235
Fundraising	<u>30,440</u>

Total Expenses	<u>1,605,453</u>
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Change in Net Assets Without Donor Restrictions	<u>3,152,771</u>
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NET ASSETS WITH DONOR RESTRICTIONS

Revenue and Support:

Grants	<u>147,902</u>
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TOTAL CHANGE IN NET ASSETS	3,300,673
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NET ASSETS - BEGINNING	<u>-</u>
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NET ASSETS - ENDING	<u><u>\$ 3,300,673</u></u>
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The accompanying notes are an integral part of this statement.

Boys & Girls Club of the Capital Area, Inc.
Statement of Functional Disbursements - Modified Cash Basis
For the Sixteen Months Ended December 31, 2025

	<u>Programs</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Professional Fees	\$ 777,690	\$ 219,349	\$ -	\$ 997,039
Program Supplies	238,512	-	-	238,512
Occupancy	174,971	30,877	-	205,848
Office Expenses	18,098	12,066	-	30,164
Repairs and Maintenance	26,923	2,991	-	29,914
Taxes and Insurance	13,207	13,207	-	26,414
Special Events	-	-	26,353	26,353
Fees and Dues	23,234	-	-	23,234
Advertising	6,893	-	2,298	9,191
Bank Fees	-	7,082	-	7,082
Travel	5,989	-	-	5,989
Miscellaneous	-	2,348	-	2,348
Fundraising	-	-	1,789	1,789
Staff Training	1,261	315	-	1,576
	<u>\$ 1,286,778</u>	<u>\$ 288,235</u>	<u>\$ 30,440</u>	<u>\$ 1,605,453</u>

The accompanying notes are an integral part of this statement.

Boys & Girls Club of the Capital Area, Inc.
Notes to the Financial Statements
December 31, 2025

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Boys & Girls Club of the Capital Area, Inc. (the Organization) is a non-profit organization that provides behavior guidance and promotes the health, social, educational, vocational, and character development of the boys and girls in the Pierre, South Dakota area.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the amounts and disclosures reported in the Statement of Functional Disbursements - Modified Cash Basis. Actual results could differ from those estimates.

Basis of Accounting and Financial Statement Presentation

The financial statements of the Organization are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). The modified cash basis of accounting differs from U.S. GAAP primarily because income is recognized when received instead of when earned and expenses are recorded when paid rather than incurred. The modified cash basis of accounting involves the measurement of cash and changes in cash resulting from cash receipt and disbursement transactions.

As a result of the use of this basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed for provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid) are not recorded in these financial statements.

Modifications to the cash basis of accounting include the reporting of investments and beneficial interest in amounts held by others arising from cash transactions and contributions impacting the balance of such accounts. These items are reported at the fair value as determined by brokers or the agent, respectively. Under this method, periodic investment earnings, changes in value, fees, and amounts released for expenditure are recorded when earned and expended.

The accounts of the Organization are reported in the following net asset categories:

Net Assets without Donor Restrictions - Net assets of the Organization that are not subject to donor-imposed restrictions and are available for general operations.

Net Assets with Donor Restrictions - Net assets of the Organization that are subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Donor-imposed restrictions related to contributions initially deemed conditional follow a simultaneous release policy and are recorded as net assets without donor restrictions if the restrictions expire in the same year the contributions are recognized.

Boys & Girls Club of the Capital Area, Inc.
Notes to the Financial Statements
December 31, 2025

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Organization's checking accounts and other interest-bearing deposits are maintained in various financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). The Organization's cash balances may at times exceed federally insured limits; however, management has not experienced any losses in such accounts and does not believe they are exposed to any significant credit risk.

Beneficial Interest in Amounts Held By Others

The amounts held by South Dakota Community Foundation (SDCF) are invested in accordance with the SDCF's internal investment policies and are recorded at fair market value. Investment earnings, to include unrealized and realized gains/losses, benefit general operations unless donor stipulation states otherwise.

Investments

The Organization records its investments at fair value with changes in fair value accounted for in the Statement of Receipts and Disbursements - Modified Cash Basis. Realized gains and losses from sales of investments are determined on a specific identity basis. Net investment return consists of interest and dividend income, realized and unrealized gains and losses, and external investment expenses. Amounts are recorded in the appropriate net asset accounts based on the existence of donor-imposed restrictions. Donated investments (which may include stocks and bonds) are recorded as revenue at the estimated fair value on the date of contribution.

Investments are managed by professional investment managers whose performance is monitored by management and the Board of Directors. Although the fair value of investments is subject to fluctuation on a year-to-year basis, management and the Board of Directors believe the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Revenue Recognition

Contributions

Contributions of cash and other assets are recorded as support in the period received at their fair values and are distinguished between those that increase net assets with or without donor restriction. Unconditional contributions are recognized upon donor notification. Special events are considered to be contributions, as no significant exchange element exists.

Grants

The Organization receives grants from federal, state, and private sources. Each grant is analyzed to determine whether it is deemed an exchange transaction (where both the grantee and grantor receive commensurate benefits) or a contribution. All grants received during the sixteen months ended December 31, 2025 are considered contributions. The Organization is also the recipient of grants that require expenditure for specified activities before the Organization is reimbursed by the grantor for the costs incurred.

Boys & Girls Club of the Capital Area, Inc.
Notes to the Financial Statements
December 31, 2025

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Membership Dues

Families purchase memberships that allow access to the Organization and its activities. Due to the modified cash basis of reporting, amounts are recognized as received.

Advertising

Advertising costs are expensed as incurred and totaled \$9,191 for the period ended December 31, 2025.

Federal Income Tax

The Organization qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal income tax. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. As such, no federal income tax is paid unless net income is derived from activities that are unrelated to their exempt activities. No such activities are conducted.

At December 31, 2025, the Organization believes there are no significant uncertain tax positions or liabilities, or interest and penalties associated with uncertain tax positions. The Organization's income tax filings are subject to audit by various taxing authorities. The Organization is no longer subject to federal and state income tax examinations by taxing authorities for the years before fiscal year 2022. Management continually evaluates expiring statutes of limitation, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Organization believes its estimates are appropriate based on the current facts and circumstances. Interest and penalties assessed by income taxing authorities, if any, are included in interest expense.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the date of the Statement of Assets and Net Assets - Modified Cash Basis are comprised of the following:

Cash and Cash Equivalents	\$ 874,681
Certificates of Deposits	706,574
Investments	<u>809,027</u>
	2,390,282
Less: Donor Restrictions	<u>147,902</u>
Amounts Available for General	
Use Within One Year	<u>\$ 2,242,380</u>

Boys & Girls Club of the Capital Area, Inc.
Notes to the Financial Statements
December 31, 2025

NOTE 3 - LEASES

The Organization leases its building from the City of Pierre. The Organization pays \$180,000 a year until 2028. Total lease costs for the year ended December 31, 2025 were \$180,000.

The future lease payments under the building lease are as follows as of December 31, 2025:

2026	\$	180,000
2027		180,000
2028		180,000
	\$	<u>540,000</u>

NOTE 4 - BENEFICIAL INTEREST IN AMOUNTS HELD BY OTHERS

The Organization transferred assets to the South Dakota Community Foundation (SDCF) to establish, on the books of SDCF, endowment funds. These funds are invested and distributed in accordance with the investment and spending policies of SDCF. Earnings on endowment funds are designated until appropriated by the Board of Directors for use in operations. Distributions from the SDCF fund were available but no distribution was taken in the period ended December 31, 2025. The Organization annually elects whether to receive earnings available for distribution from SDCF based on current operational needs. The SDCF has the power to modify any restrictions or conditions on the distribution of funds for any specified charitable purpose or to specified organizations, if in the sole judgment of the governing body, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the SDCF. Because the Organization has named itself the beneficiary of these funds, the amounts have been recorded as assets held by the Community Foundation on the accompanying Statement of Financial Position - Modified Cash Basis.

The amounts held by SDCF have been valued, as a practical expedient, at the net asset value of the Organization's share of SDCF's investment pool as of the measurement date. SDCF value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of SDCF, which include private placements and other securities for which prices are not readily available, are determined by the management of SDCF and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The amounts held by SDCF are not redeemable by the Organization.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (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 his interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Boys & Girls Club of the Capital Area, Inc.
Notes to the Financial Statements
December 31, 2025

NOTE 4 - BENEFICIAL INTEREST IN AMOUNTS HELD BY OTHERS (CONTINUED)

The composition of and changes in Board-designated endowment funds for the year ended December 31, 2025 are as follows:

Board-designated Endowment Net Assets - Beginning	\$ -
Contributions Designated for the Endowment	866,890
Investment Return	98,490
Amounts Appropriated for Expenditure	<u>(54,989)</u>
Board-designated Endowment of Net Assets - Ending	<u>\$ 910,391</u>

The Organization does not have any donor-restricted endowment funds.

NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The three-level fair value hierarchy is defined as follows:

Level 1 - Observable inputs such as quoted market prices for identical assets or liabilities in active markets. The types of assets and liabilities included in Level 1 are highly liquid and actively traded instruments with quoted market prices.

Level 2 - Inputs include quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. The types of assets and liabilities included in Level 2 are typically either comparable to actively traded securities or priced with models using observable inputs. The Organization had no Level 2 investments at December 31, 2025.

Level 3 - Inputs are based on prices or valuation techniques that are unobservable. These types of assets and liabilities require significant management judgment or estimation.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgement, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

Boys & Girls Club of the Capital Area, Inc.
Notes to the Financial Statements
December 31, 2025

NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

In accordance with the fair value hierarchy, the following table shows the fair value as of December 31, 2025, of those financial assets that are measured at fair value on a recurring basis, according to the valuation techniques the Organization used to determine their fair value.

	Level 1	Level 3	Total
Certificates of Deposit	\$ 706,574	\$ -	\$ 706,574
Money Market	93,326	-	93,326
Mutual Funds	715,043	-	715,043
Cash and Cash Equivalents	658	-	658
Total Investments	<u>\$ 1,515,601</u>	<u>\$ -</u>	<u>\$ 1,515,601</u>
Beneficial Interest in Amounts Held by Others	<u>\$ -</u>	<u>\$ 910,391</u>	<u>\$ 910,391</u>

Beneficial Interest in Amounts Held by Others - As described in Note 4, the Organization is the beneficiary of amounts held by others. The fair value of assets held by the SDCF is based on the proportion of assets held in the investment portfolio.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes will occur in the near term, and such changes could materially affect the investment balances and amounts reported in the Statement of Assets and Net Assets - Modified Cash Basis.

The following is a reconciliation of assets measured using Level III inputs as of December 31, 2025:

Balance - Beginning	\$ -
Contributions	866,890
Earnings	98,490
Distributions	<u>(54,989)</u>
Balance - Ending	<u>\$ 910,391</u>

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent resources currently available for those operating purposes specified by the donor or restricted by the donor for a specified period and are available as follows at December 31, 2025:

Youth Programming	\$ 90,402
Food Security	37,500
Building Fund	<u>20,000</u>
	<u>\$ 147,902</u>

Boys & Girls Club of the Capital Area, Inc.
Notes to the Financial Statements
December 31, 2025

NOTE 7 - TRANSFER OF PROGRAM AND RELATED ASSETS

On September 1, 2025, Capital Area Counseling Services (CACS) transferred its Boys & Girls Club program and related assets to the Organization, an unrelated not-for-profit organization. The transfer was executed as a nonreciprocal contribution.

The transaction included contributions, investments, endowments, and grants awarded to CACS for the purpose of the Organization's programs. The transfer was undertaken to allow the Organization to obtain additional grant funding and increase program services available to the area.

The total carrying amount of assets transferred was \$2,280,856.

NOTE 8 - FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Receipts and Disbursements - Modified Cash Basis. The Statement of Functional Disbursements - Modified Cash Basis presents the natural classification detail of expenses by function. Certain disbursements can be directly allocated to program or supporting functions. Other categories of disbursements are attributable to more than one program or supporting function and require allocation on a reasonable basis that is consistently applied. Accordingly, these costs have been allocated based on estimated time and effort (e.g., contracted salaries) or building square footage (e.g., occupancy).

NOTE 9 - SUBSEQUENT EVENTS

Subsequent events were evaluated through the date of the independent auditor's report, which is the date the financial statements were available to be issued.