Boys & Girls Clubs of America and Subsidiaries

Consolidated Financial Statements

Years Ended December 31, 2022 and 2021

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Boys & Girls Clubs of America and Subsidiaries

Contents

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Independent Auditor's Report

The Board of Governors
Boys & Girls Clubs of America

Opinion

We have audited the consolidated financial statements of Boys & Girls Clubs of America and its subsidiaries (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

BDO USA, LLP

May 15, 2023

Consolidated Financial Statements

Boys & Girls Clubs of America and Subsidiaries

Consolidated Statements of Financial Position

(in thousands)

December 31,		**2022**		2021
Assets				
Cash and cash equivalents	$	**39,830**	$	28,418
Investments		**383,472**		386,485
Assets held in custody for others		**11,970**		14,824
Membership dues, net		**402**		961
Grants receivable, net		**10,124**		16,806
Contributions receivable, net		**55,139**		70,210
Assets held in deferred compensation accounts		**1,471**		1,638
Split interest agreements		**2,330**		2,821
Land, buildings, and equipment, net		**28,973**		27,837
Right-of-use asset		**1,629**		-
Other assets		**6,574**		4,616
Total assets	$	**541,914**	$	554,616
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	$	**27,192**	$	47,333
Obligations for custodial funds		**11,970**		14,824
Liability under deferred compensation agreements		**1,471**		1,638
Lease liability		**1,711**		-
Annuities payable		**1,993**		2,537
Total liabilities		**44,337**		66,332
Net assets:				
Without donor restrictions		**199,571**		180,911
With donor restrictions		**298,006**		307,373
Total net assets		**497,577**		488,284
Total liabilities and net assets	$	**541,914**	$	554,616

See accompanying notes to consolidated financial statements.

Boys & Girls Clubs of America and Subsidiaries

Consolidated Statements of Activity

(in thousands)

Years Ended December 31,	2022 Without Donor Restrictions	2022 With Donor Restrictions	2022 Total	2021 Without Donor Restrictions	2021 With Donor Restrictions	2021 Total
Changes in Net Assets:						
Revenue, gains, and other support:						
Contributions of financial assets	$ 38,238	$ 120,909	$ 159,147	$ 12,926	$ 158,479	$ 171,405
Contributions of nonfinancial assets	1,587	$ -	1,587	2,013	3,470	5,483
Government grants and contracts (includes pass through to clubs for 2022 and 2021 of $132,779 and $110,010, respectively)	155,115	12,019	167,134	119,021	4,040	123,061
Income from funds held in trust by others	-	1,659	1,659	-	1,585	1,585
Fund raising events:						
Revenue generated	8,940	169	9,109	7,904	1,875	9,779
Less direct operating costs	(3,203)	-	(3,203)	(1,084)	(1)	(1,085)
Fund-raising events revenue in excess of direct costs	5,737	169	5,906	6,820	1,874	8,694
Member organization dues	14,454	-	14,454	12,270	-	12,270
Investment (loss) return, net	(15,644)	(16,793)	(32,437)	16,342	22,630	38,972
Other revenues (losses)	1,273	(36)	1,237	8,441	(7,678)	763
Total revenue and gains	200,760	117,927	318,687	177,833	184,400	362,233
Net assets released from restrictions:						
Satisfaction of program restrictions	125,901	(125,901)	-	146,733	(146,733)	-
Expirations of time restrictions	1,493	(1,493)	-	1,950	(1,950)	-
Total net assets released from restrictions	127,394	(127,394)	-	148,683	(148,683)	-
Total revenue, gains, and other support	328,154	(9,467)	318,687	326,516	35,717	362,233
Expenses and losses:						
On-site assistance to member clubs and establishment of new clubs	118,738	-	118,738	144,708	-	144,708
Leadership training, development, and support of youth programs	156,001	-	156,001	128,830	-	128,830
Management and general	18,874	-	18,874	14,562	-	14,562
Fund-raising	15,781	-	15,781	14,663	-	14,663
Total expenses and losses	309,394	-	309,394	302,763	-	302,763
Change in net assets	18,760	(9,467)	9,293	23,753	35,717	59,470
Net assets at beginning of year	180,911	307,373	488,284	157,158	271,656	428,814
Net assets at end of year	$ 199,671	$ 297,906	$ 497,577	$ 180,911	$ 307,373	$ 488,284

See accompanying notes to consolidated financial statements.

Boys & Girls Clubs of America and Subsidiaries

Consolidated Statements of Cash Flows

(in thousands)

Years Ended December 31,		**2022**		2021
Cash Flows from Operating Activities:				
Change in net assets	**$**	**9,293**	$	59,470
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation		**1,937**		1,371
Net realized and unrealized loss (gains) on investments		**33,145**		(37,910)
Contributions of non-financial assets		**(1,587)**		(5,409)
Change in membership dues		**559**		901
Change in grants receivable		**6,682**		(6,034)
Change in contributions receivable		**14,940**		(16,872)
Change in contributions receivable allowance		**131**		204
Change in split interest agreements		**491**		148
Change in other assets		**(1,958)**		10,163
Change in right-of-use assets		**(1,629)**		-
Change in accounts payable and accrued expenses		**(20,141)**		18,105
Change in annuities payable		**(417)**		197
Change in lease liabilities		**1,711**		-
Loss from disposal of property and equipment		**1,204**		371
Net cash provided by operating activities		**44,361**		24,705
Cash Flows from Investing Activities:				
Proceeds from sales of investments		**15,958**		43,794
Purchase of investments		**(44,503)**		(49,641)
Purchases of property and equipment		**(4,277)**		(4,825)
Net cash used in investing activities		**(32,822)**		(10,672)
Cash Flows from Financing Activities:				
Payments to life income beneficiaries		**(127)**		(142)
Net cash used in financing activities		**(127)**		(142)
Net increase in cash and cash equivalents		**11,412**		13,891
Cash and cash equivalents at beginning of year		**28,418**		14,527
Cash and cash equivalents at end of year	**$**	**39,830**	$	28,418
Supplemental disclosure:				
Cash paid for taxes	**$**	**696**	$	678
In-kind gifts – investments		**1,564**		1,939
In-kind gifts – equipment		**-**		3,470

See accompanying notes to consolidated financial statements.

Boys & Girls Clubs of America and Subsidiaries

Consolidated Statement of Functional Expenses

(in thousands)

Year Ended December 31, 2022	Program Services: Assistance to Member Clubs and Establishment of New Clubs	Program Services: Leadership Training, Development, and Support of Youth Programs	Program Services: Total Program Services	Supporting Services: Management and General	Supporting Services: Fund-raising	Supporting Services: Total Supporting Services	Total Expenses
Salaries	$ 33,206	$ 9,367	$ 42,573	$ 7,856	7,501	$ 15,357	$ 57,930
Benefits	5,708	1,592	7,300	1,297	1,111	2,408	9,708
Payroll taxes	2,434	682	3,116	312	526	838	3,954
Total salaries and related expenses	41,348	11,641	52,989	9,465	9,138	18,603	71,592
Contractual services	17,883	5,515	23,398	6,210	3,472	9,682	33,080
Supplies	2,635	2,550	5,185	228	118	346	5,531
Telephone	606	161	767	243	135	378	1,145
Postage and shipping	247	21	268	64	753	817	1,085
Occupancy	1,159	234	1,393	1,142	366	1,508	2,901
Printing and artwork	259	96	355	99	656	755	1,110
Travel	3,584	627	4,211	282	403	685	4,896
Training conferences	2,636	1,482	4,118	477	130	607	4,725
Membership dues	47	4	51	46	72	118	169
Passthrough funds to member orgs	46,585	133,085	179,670	-	-	-	179,670
Miscellaneous	1,035	246	1,281	(86)	230	144	1,425
Depreciation	714	339	1,053	576	308	884	1,937
Bad Debt Expense	-	-	-	128	-	128	128
Total expenses	$ 118,738	$ 156,001	$ 274,739	$ 18,874	$ 15,781	$ 34,655	$ 309,394

See accompanying notes to consolidated financial statements.

Boys & Girls Clubs of America and Subsidiaries

Consolidated Statement of Functional Expenses

(in thousands)

Year Ended December 31, 2021	Program Services: Onsite Assistance to Member Clubs and Establishment of New Clubs	Program Services: Leadership Training, Development, and Support of Youth Programs	Program Services: Total Program Services	Supporting Services: Management and General	Supporting Services: Fund-raising	Supporting Services: Total Supporting Services	Total Expenses
Salaries	30,549	9,253	39,802	6,075	7,199	13,274	53,076
Benefits	5,571	854	6,425	1,775	1,099	2,874	9,299
Payroll taxes	2,273	350	2,623	295	545	840	3,463
Total salaries and related expenses	38,393	10,457	48,850	8,145	8,843	16,988	65,838
Contractual services	13,164	3,814	16,978	3,835	3,119	6,954	23,932
Supplies	1,733	2,278	4,011	155	129	284	4,295
Telephone	584	210	794	91	154	245	1,039
Postage and shipping	267	19	286	39	821	860	1,146
Occupancy	940	211	1,151	739	296	1,035	2,186
Printing and artwork	171	191	362	107	743	850	1,212
Travel	979	78	1,057	79	58	137	1,194
Training conferences	354	198	552	79	27	106	658
Membership dues	37	120	157	15	13	28	185
Passthrough funds to member organizations	86,536	110,504	197,040	-	-	-	197,040
Miscellaneous	1,001	549	1,550	873	245	1,118	2,668
Depreciation	549	201	750	405	215	620	1,370
Total expenses	144,708	128,830	273,538	14,562	14,663	29,225	302,763

See accompanying notes to consolidated financial statements.

1. Summary of Significant Accounting Policies

Organization

Boys & Girls Clubs of America ("BGCA") is a federally chartered, national organization that was formed to promote the health, social, educational, vocational, and character development of young people throughout the United States ("U.S."). Through its national headquarters, one regional service center, and government relations office in Washington, D.C., BGCA:

- Develops innovative program services for young people;
- Assists community leaders to form new local member clubs;
- Provides training, management consulting, and resource materials to local member clubs;
- Promotes greater public and media awareness of local member club work; and
- Addresses legislative and public policy issues affecting young people.

The accompanying consolidated financial statements include the financial position and operating results of BGCA's subsidiary alliance organizations located throughout the U.S., as well as three subsidiary entities that were organized in fiscal year 2020 for the specific management of investment, real estate, and intellectual property activities. The alliance organizations are organized under either Section 501(c)(4) or Section 501(c)(3) of the Internal Revenue Code and were formed primarily to meet certain state statutory reporting requirements. Certain members of BGCA's senior management serve as members of the governing boards for certain of these alliance organizations. Such subsidiary organizations numbered 60 at December 31, 2022 and 2021. The three subsidiary entities formed in fiscal year 2020 are organized under Section 501(c)(3) of the Internal Revenue Code.

The accompanying consolidated financial statements do not include the financial position and operating results of local member clubs, each of which is an autonomous corporation organized under the laws of the jurisdiction in which it is located. Each local member club operates under a charter granted by BGCA and has its own independent board of directors, which controls the local Boys & Girls Club, its programs, and staff. BGCA, the national organization, does not exercise supervision, direction, or control of these chartered local member clubs.

Basis of Presentation

The consolidated financial statements of BGCA have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U. S. GAAP"). The accounting policies of BGCA have been designed to conform to U.S. GAAP as applicable to not-for-profit organizations.

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of BGCA and changes therein are classified and reported as follows:

> *Without donor restrictions* – Net assets that are not subject to donor-imposed stipulations.
>
> *With donor restrictions* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of BGCA and/or the passage of time. This also includes net assets subject to donor-imposed stipulations that must be maintained permanently by BGCA. Generally, the

donors of these assets permit BGCA to use all or part of the income earned on related investments for general or specific purposes.

BGCA reports contributions with donor restrictions, including those that were conditional in nature, as increases in net assets without donor restrictions if the conditions are met and the restrictions expire in the reporting period in which the revenue is recognized. BGCA reports contributions restricted by donors (that were unconditional in nature) as increases in net assets with donor restrictions. When the donor restriction expires on an unconditional contribution, the release is reported as net assets released from donor restrictions in the consolidated statement of activities.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of interest-bearing checking accounts, savings accounts, and investments with a maturity date of three months or less.

Revenue Recognition

BGCA recognizes revenue when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration BGCA expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, BGCA combines it with other performance obligations until a distinct bundle of goods or services exists. Performance obligations are satisfied over time and the related revenue is recognized as services are rendered. BGCA management expects that the period between when BGCA transfers goods and services to their customers and when the customers pay for those goods and services will be one year or less. Therefore, BGCA elected the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing component. Invoices resulting from BGCA's contracts with customers are generally due within 30 days of the invoice date.

Membership Organization Dues

BGCA enters into membership agreements with local Clubs to provide services that ultimately further the mission of BGCA yet provide reciprocal value to the Club. Membership services include the right to be identified with the Boys and Girls Clubs Movement, access to marketing and other materials, advocacy and government relations, leadership support and training, and access to conferences and the annual meeting of the National Council. BGCA considers general membership benefits to represent a bundle of promised goods and services available to Clubs throughout the period of membership in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606-10-25-22.

BGCA has a right to consideration from the Clubs in an amount that corresponds directly with the value provided to the Clubs of BGCA's performance completed to date. Membership dues are billed at the beginning of the membership year. The Clubs simultaneously receives and consumes the benefits provided by BGCA's performance obligations throughout the membership period. Therefore, BGCA recognizes revenues ratably over the one-year membership period. There are no unsatisfied performance obligations at the end of the membership period. Revenue related to membership agreements totaled $14,454 and $12,270 for the years ended December 31, 2022 and 2021, respectively, as reflected in the consolidated statement of activities.

Government Grants and Contracts

Grants awarded by federal agencies or passed through to BGCA from another donor that received funding from the U.S. federal government are accounted for as conditional contributions due to rights of return/release and barriers to entitlement to funds. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met. U.S. Federal Grant revenue totaled $167,134 and $123,061 for the years ended December 31, 2022 and 2021, respectively.

Fund-Raising Events

BGCA holds fund-raising events and reports the revenues generated, net of any direct operating costs, as revenue, gains, and other support in the accompanying consolidated statements of activities (see note 13). Fund-raising revenue is recognized at fair value on the earlier of the receipt of cash or of an unconditional promise to give.

Contributions of Financial Assets

BGCA receives support from individuals, foundations, corporations, and other nonprofit organizations in support of BGCA's mission. Contribution revenue is recognized at fair value on the earlier of the receipt of cash or an unconditional promise to give. From time to time, BGCA receives promises to give that have certain conditions such as meeting specific performance-related barriers or limiting BGCA's discretion on use of the funds. Other contributions may have revocable features to the promises to give. Such conditional promises to give are recognized when the conditions are substantially met.

Contributions of Non-Financial Assets

Donated property, advertising and marketing materials and other noncash donations are recorded as contributions of non-financial assets (in-kind) at their estimated fair value at the date of donation. The estimated fair values of the advertisements are based on independent third-party valuations and reported as contributions of non-financial assets and program expense in the period in which the advertisements are run. Certain other contributions of non-financial assets have also been received and recorded at fair-market value in the period in which each contribution was made. There were no material contributions of non-financial assets during the years ended December 31, 2022 and 2021.

Trusts and Bequests

Split interest (trust) contributions are only recorded when the agreement becomes irrevocable. BGCA's remainder value is revalued every year. Bequest contributions are recorded once the probate and legal processes are complete.

Investments

Investments are carried at fair value, with changes in fair value being recorded as investment return (loss). The fair value of publicly traded fixed income and equity securities is based upon quoted market prices. Fair values for private market investments and investments held through limited partnerships or commingled funds, are not as readily determinable. Fair value for these investments is established based on either external events, which substantiate a change in fair value, or a reasonable methodology that exists to identify and quantify changes in fair value. Fair value determinations for these investments require the use of estimates. Accordingly, such values may differ from the values that would have been used had a ready market for these investments existed. BGCA has estimated the fair value of certain investments in investment funds on the basis of the net asset value ("NAV") per share of the investment, as a practical expedient, if a) the underlying investment manager's calculation of NAV is fair value based, and b) the NAV has been calculated by the fund manager as of BGCA's fiscal year end date. Valuations provided by investment managers are evaluated by management, and management believes such values are reasonable estimates of fair value at December 31, 2022 and 2021 (see notes 3 and 16). Included in investments are certain assets that are being held for others and disbursed only on instructions of the person or organization from which they were received (see note 15).

Split Interest Agreements

BGCA's split interest agreements with donors consist primarily of gift annuity agreements and irrevocable charitable remainder trusts for which BGCA serves as trustee. Contribution revenue is recognized when trusts (or annuity agreements) are established, after recording liabilities for the present value of the estimated future payments to be made to beneficiaries. The liabilities are adjusted annually for changes in the values of assets, accretion of the discount and other changes in the estimates of future benefits.

BGCA is also the beneficiary of certain charitable lead trusts held and administered by others. The present values of the estimated future cash receipts from the trusts are recognized as an asset and contribution revenue at the date such trusts are established. The carrying values of the assets are adjusted annually for changes in the values of assets, accretion of the discount and other changes in the estimates of future benefits.

Contributions Payable

Awards made to other organizations that are conditional in nature are not recorded as expenses until the condition has been satisfied. Payments made in advance to other organizations for which conditions have not yet been satisfied are classified as "third party advances" in the consolidated statement of financial position. As the conditions are satisfied, expenses are recorded in the consolidated statement of activities and the third-party advances are reduced. As of December 31, 2022 and 2021, BGCA did not make any payments in advance.

Land, Buildings and Equipment

Land, buildings and equipment are stated at cost at the date of acquisition or at fair value if acquired through donation. BGCA capitalizes expenditures for property and equipment in excess of $5. Depreciation and amortization are calculated using the straight-line method over the applicable estimated useful lives.

Tax Status

BGCA is recognized as an organization exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3) whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to Federal income tax. During 2022 and 2021, $696 and $678, respectively, was paid for income taxes. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the Income Taxes Topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

BGCA's subsidiary alliance organizations are exempt from Federal income taxes under either Section 501(c)(4) or Section 501(c)(3) of the Code.

Functional Allocation of Expenses

BGCA has summarized the costs of programs and supporting activities in the consolidated statements of activities and changes in net assets without donor restrictions. The expense analysis in the consolidated statement of functional expenses present the natural classification detail of expenses by function. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or support function. The expenses include salaries and benefits which are allocated based on department and job classification, and management and general tasks. Expenses associated with human resources, information technology and occupying and maintaining facilities have been allocated to the respective functional area based on the headcount of employees. Expenses associated with marketing and communications have been allocated to the respective functional area based on effort. Other costs are classified in each functional category based on the underlying purpose of each transaction.

Concentration of Credit Risk

Credit risk represents the risk of loss attributable to possible nonperformance by donors and counterparties relative to the terms of agreements and contracts. Financial instruments that are subject to concentrations of credit risk consist primarily of cash and cash equivalents, investments, and certain receivables. In order to minimize credit risk in connection with cash equivalents and investments, BGCA invests in U.S. government securities, mutual funds, and other marketable securities. These investments are held by diverse, high-quality financial institutions. Cash and cash equivalent accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250. At December 31, 2022 and 2021, BGCA had $14,874 and $18,093 in excess of the FDIC insured limit.

Use of Estimates

The management of BGCA has made certain estimates and assumptions in the preparation of the consolidated financial statements in conformity with U.S. GAAP, including the allowance for uncollectible contributions receivable, the valuation of certain investment securities without readily determinable fair values, determining the depreciable lives of buildings and other long-lived assets, accrued expenses, annuities payable, and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Leases

BGCA determines if an arrangement is a lease at inception, which conveys BGCA's right to control the use of an identified asset for a period of time in exchange for consideration. BGCA determines whether the lease classification is an operating or financing lease at the commencement date.
Operating leases are recorded as operating right-of-use ("ROU") assets and lease liabilities on the BGCA consolidated statement of position in accordance with FASB ASC 842, Leases. ROU assets represent BGCA's right to use an underlying asset for the lease term and the corresponding lease

(In Thousands)

liabilities represent its obligation to make lease payments arising from the lease. Lease ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The lease ROU asset is reduced for tenant incentives and excludes any initial direct cost incurred.

Lease payments are recognized in the consolidated statement of activities on a straight-line basis over the lease term. BGCA lease terms may include options to extend or terminate the lease. These options are reflected in the ROU asset and lease liability when it is reasonably certain that BGCA will exercise the option. BGCA reassesses the lease term if and when a significant event or change in circumstances occurs withing the control of BGCA, such as construction of significant leasehold improvements that are expected to have economic value when the option becomes exercisable.

As the BGCA leases do not provide an implicit rate, the net present value of future minimum lease payments is determined using the BGCA incremental borrowing rate. The BGCA incremental borrowing rate is the borrowing rate on the BGCA bank line of credit at the time of adoption.

Reclassifications

Certain reclassifications to assets and liabilities have been made to the 2021 balances to conform to the 2022 presentation. Such reclassifications did not have an impact to the 2021 net asset balances.

New Accounting Pronouncements

Effective January 1, 2022, BGCA adopted Accounting Standards Update ("ASU") No 2016-02, Leases, and the additional ASUs issued to clarify and update the guidance in ASU 2016-02 (collectively, ASC 842). ASC 842 modifies lease accounting for lessees to increase transparency and comparability by recording lease assets and liabilities for operating leases and disclosing key information about leasing arrangements. Management adopted ASC 842 using the modified retrospective transition method, under which amounts in prior periods were not restated. For contracts existing at the time of adoption, BGCA elected the package of practical expedients and did not reassess whether any existing or expired agreements contain leases, the lease classification for any expired or existing leases, and the initial direct costs for any expired or existing leases. ASU 2016-02 requires that assets or liabilities be recognized for finance and operating lease arrangements. The primary effect of adopting the new standard is to record lease ROU assets and lease obligations previously accounted for as operating leases, resulting in the following as of the adoption date:

Recognition of:		
Operating lease right-of-use assets	$	2,111
Operating lease liabilities		2,276
Derecognition of:		
Deferred rent	$	165

In September 2021, the FASB issued ASU No. 2021-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. ASU No. 2021-07 was issued to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in an entity's programs and other activities. This standard was effective for BGCA for the year ended December 31, 2022. The adoption of this guidance did not have a material impact on the BGCA's consolidated financial statements.

(In Thousands)

2. Liquidity and Availability

Financial assets available for general expenditure within one year of December 31:

	2022	2021
Total assets	**$ 541,914**	$ 554,616
Less:		
Net assets with donor restriction – endowments in perpetuity	**(45,796)**	(43,546)
Net assets with donor restriction – time or purpose	**(252,210)**	(263,827)
Board-designated endowments	**(103,434)**	(129,893)
Board-designated other	**(3,891)**	(1,447)
Land, buildings and equipment, net	**(28,973)**	(27,837)
Custodial, deferred compensation and other illiquid investments	**(22,345)**	(23,899)
Financial assets available within one year	**$ 85,265**	$ 64,167

BGCA manages its financial assets to be available as its operating expenditures, liability and other obligations come due. In addition, BGCA invests cash in excess of daily requirements in short-term investments. To supplement working capital and investment commitments, BGCA has a line of credit agreement totaling $30,000 with no outstanding borrowings as of December 31, 2022. See note 17 for further description of this line. Additionally, BGCA has board-designated endowments of $103,434 and $129,893 as of December 31, 2022 and 2021. Although BGCA does not intend to spend from its board-designated endowment funds, other than amounts appropriated for general expenditure, amounts for its board-designated endowment funds could be made available, if necessary, with appropriate board approval.

(In Thousands)

3. Investments

Investments are carried at estimated fair value and consist of the following at December 31:

	2022	2021	Unfunded Commitments
Short-term investments	$ 128,516	$ 89,536	$ -
Fixed income:			
Mutual funds	13,291	14,744	-
Fixed income securities	15,369	16,802	-
Corporate stocks-domestic	68,273	83,412	-
Community foundation	41	52	-
Private equity investments/hedge funds	169,952	196,763	30,800
	395,442	401,309	30,800
Less custodial fund investments	(11,970)	(14,824)	-
Total	$ 383,472	$ 386,485	$ 30,800

Management is required to make certain estimates in the preparation of the consolidated financial statements. Among those significant estimates is the valuation of investments without readily determinable fair values. These estimates are subjective and require judgment regarding significant matters such as the amount and timing of future cash flows and the selection of discount rates that appropriately reflect market and credit risks. BGCA believes that the carrying amounts of these investments are a reasonable estimate of fair value. Estimates, by their nature, are based on judgment and available information. Changes in assumptions could have a material impact on the financial statements.

Custodial fund investments consist of assets which are being held on behalf of other organizations (see note 15).

Risk Factors

Liquidity risk – Liquidity risk represents the risk that BGCA may not be able to rapidly adjust the size of its portfolio holdings in times of high volatility and financial stress at a reasonable price. If BGCA were compelled to dispose of an illiquid investment at an inopportune time, the result may be a sale at a substantial discount to fair value. BGCA invests in alternative investments, which can be highly illiquid. Under adverse market or economic conditions, the secondary market for certain of these alternative investments could further contract. As a result, BGCA could find it more difficult to sell these securities or may only be able to sell these securities at amounts lower than if such securities were more widely traded.

Currency and foreign exchange risk – BGCA may hold investments denominated in currencies other than the U.S. dollar. Thus, there is exposure to currency and foreign exchange risk because the value of the investments denominated in other currencies may fluctuate due to changes in currency exchange rates. This amount totaled less than 1% of investments as of December 31, 2022 and 2021.

(In Thousands)

Interest rate and credit risk – BGCA's investment portfolio is subject to interest rate and credit risks for certain securities whose valuation would be impacted by changes in interest rates. The portfolio is also subject to the risk of the issuer of the security becoming unable to pay interest or repay principal when it is due.

Market price risk – The value of securities held by BGCA may decline in response to certain economic events, including those events impacting entities whose securities are owned and included in the investment portfolio. Events impacting valuation may include (but are not limited to) economic changes, market fluctuations, regulatory changes, global and political instability, and currency, interest rate, and commodity price fluctuations. BGCA attempts to manage this risk through diversification, ongoing due diligence of fund managers, and monitoring of relevant economic conditions.

Concentration risk – Investments in multi-strategy hedge funds totaling $123,084 and $150,421 at December 31, 2022 and 2021, respectively, were held and managed by a single fund manager.

4. Contributions Receivable

Contributions receivable consists of the following at December 31:

		2022		2021
Contributions receivable, gross	**$**	**57,393**	$	71,382
Less:				
Unamortized discount		**(2,223)**		(1,010)
Allowance for uncollectible contributions		**(31)**		(162)
Contributions receivable, net	**$**	**55,139**	$	70,210
Amounts due in:				
Less than one year	**$**	**32,356**	$	117
One to five years		**25,037**		71,265
	$	**57,393**	$	71,382

Contributions receivable are initially recorded at fair value as of the date of gift. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue. Estimated future cash flows to be received after one year were discounted at December 31, 2022 and 2021 at rates ranging from 0.10% to 7.5%.

Conditional promises to give are not recognized in the accompanying consolidated financial statements and, if they are subsequently recorded, they may be restricted for specific purposes stipulated by the donors. The conditional nature relates to the donor specifying a future and uncertain event whose occurrence or failure to occur gives the donor a right of return of the assets contributed or releases the donor from its obligation to transfer the assets promised. There were $0 new conditional gifts received from donors during 2022 and $4,663 in 2021. Conditional promises to give of $7,138 and $7,685 were recognized as revenue during 2022 and 2021, respectively, as donor-imposed conditions were met by BGCA. Outstanding conditional promises to give totaled $14,470 and $31,584 at December 31, 2022 and 2021, respectively.

(In Thousands)

5. Land, Buildings, and Equipment

Land and buildings, as well as furnishings and equipment, are recorded at acquisition cost, or fair value upon receipt in the case of gifts. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are depreciated over the lesser of the useful life or lease term.

Land, buildings, and equipment consist of the following at December 31:

	2022	2021	**Estimated Useful Life**
Land	$ **10,345**	$ 10,661	N/A
Buildings	**14,226**	20,260	50 years
Leasehold improvements	**24**	444	10 years
Building improvements	**2,477**	2,793	6-9 years
Furniture, fixtures and equipment	**12,441**	10,436	5-7 years
	39,513	44,594	
Less accumulated depreciation and amortization	**(10,540)**	(16,757)	
	$ **28,973**	$ 27,837	

Depreciation expense totaled $1,937 and $1,371 for the years ended December 31, 2022 and 2021, respectively.

6. Retirement Plans

Effective January 1, 2015, BGCA amended its noncontributory defined contribution pension plan to a Defined Contribution 401(k) plan covering all eligible employees. Under the amended plan, BGCA contributes 3% of compensation for each payroll period and a matching contribution for participants who make Elective Deferral Contributions to the Plan of up to 4% of compensation. Pension expense for 2022 and 2021 totaled $2,670 and $2,688, respectively.

In 2011, the Board of Governors approved a supplemental executive retirement plan for the benefit of a member of senior management whereby a retirement benefit will be earned ratably by the executive during the service term as defined in the plan agreement. The vested amount will be paid to the executive upon retirement, disability, or termination without cause as defined in the plan agreement. The liability recorded in connection with this plan as of December 31, 2022 and 2021 is included in accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

(In Thousands)

BGCA also has a retirement fund totaling $849 and $1,147 at December 31, 2022 and 2021 included in board – designated net assets without restrictions.

7. Assets Held in and Liability Under Deferred Compensation Accounts

BGCA has in place deferred compensation agreements with certain key officers, whereby amounts will be paid according to the terms of the agreements into accounts maintained by BGCA for the purpose of salary continuation upon retirement. This plan is subject to certain stipulations outlined within the agreements, one of which is the officers' continued employment with BGCA. Deferred compensation activity during 2022 and 2021 consists of the following:

	2022	2021
Employee contributions	$ 260	$ 111
Annuity contracts	(155)	(213)
Distributions - lump sum	-	(48)
Change in fair value	(272)	199
Net change for the year	(167)	49
Assets held in and liability under deferred compensation:		
Beginning of year	1,638	1,589
End of year	$ 1,471	$ 1,638

8. Government Grants and Contracts

During 2022 and 2021, BGCA recorded revenue totaling $167,134 and $123,061, respectively, related to various government grants and contracts. Of this amount, $132,696 and $110,010 was passed through to certain affiliated local member clubs (see note 1) for leadership training, development and support of youth programs during 2022 and 2021, respectively.

9. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2022 and 2021 are available for the following purposes or periods:

	2022	2021
On-site assistance to member clubs and establishment of new clubs	$ 227,642	$ 233,526
Leadership training, development and support of youth programs	21,771	26,178
Available for use in future periods	2,797	4,123
Endowment in perpetuity	45,796	43,546
	$ 298,006	$ 307,373

(In Thousands)

10. Net Assets Released from Restrictions

During 2022 and 2021, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, the passage of time, or by occurrence of other events satisfying restrictions specified by donors as follows:

	2022	2021
Purpose restrictions accomplished:		
Expenses for on-site assistance to member clubs and establishment of new clubs	$ **111,619**	$ 141,868
Expenses for leadership training, development and support of youth programs	**13,932**	4,865
Expenses for fundraising	**350**	-
	125,901	146,733
Time restrictions expired – passage of specified time	**1,493**	1,950
	$ **127,394**	$ 148,683

11. Net Assets Without Donor Restrictions - Board-Designated

Net assets without donor restrictions - Board-designated consist of the following at December 31:

	2022	2021
Functioning as quasi-endowment:		
Reserve fund	$ **87,839**	$ 111,390
Board designated fund intended for Native Services	**15,595**	18,503
	103,434	129,893
Other board-designated funds for programs	**3,891**	1,447
	$ **107,325**	$ 131,340

12. Endowment Net Assets

BGCA's endowment consists of 64 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Governors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Governors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

a. Interpretation of Relevant Law

BGCA has interpreted the State of Georgia's enacted version of the Uniform Prudent Management of Institutional Funds Act ("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, BGCA classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not required to be kept in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditures by BGCA in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, BGCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the endowment fund
2. The purposes of BGCA and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of BGCA
7. The investment policies of BGCA

b. Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires BGCA to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions and generally result from unfavorable market fluctuations that occur shortly after the investment of new contributions with donor restrictions and continued appropriation for certain programs that were deemed prudent by the Board. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level are classified as an increase in net assets with donor restrictions. There were no aforementioned deficiencies at December 31, 2022 and 2021.

c. Return Objectives and Risk Parameters

The financial objective of BGCA's endowment is to provide support to the operations of its programs and affiliates and to preserve the inflation adjusted purchasing power of the long-term investment. The investment objective is to attain an average annual real total return of at least 5% over the long term (rolling five-year periods). Actual returns in any given year may vary from this amount.

To achieve its investment objective, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a benchmark composed of 60% allocated to the MSCI All Country World IMI and 40% allocated to the Barclays U.S. Intermediate Aggregate Index.

(In Thousands)

d. Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, BGCA 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). BGCA targets a diversified asset allocation that places emphasis on investments in marketable securities, bonds, and private equity designed to achieve its long-term return objectives within prudent risk constraints.

e. Spending Policy

A spending policy is established to ensure that the real value of the investment is maintained over time, which requires that the long-term average spending rate not exceed the long-term real return. BGCA's spending rate is established as up to 5% of the previous three-year average of the September 30 fair value of the endowment net assets unless stipulated otherwise by the donor.

Endowment net assets consist of the following at December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions Time or Purpose	With Donor Restrictions In Perpetuity	Total
Donor-restricted funds	**$ -**	**$ 95,772**	**$ 45,796**	**$ 141,568**
Board-designated quasi-endowment funds	**103,434**	**-**	**-**	**103,434**
Total endowment net assets	**$ 103,434**	**$ 95,772**	**$ 45,796**	**$ 245,002**

Endowment net assets consist of the following at December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions Time or Purpose	With Donor Restrictions In Perpetuity	Total
Donor-restricted endowment funds	$ -	$ 114,938	$ 43,546	$ 158,484
Board-designated quasi-endowment funds	129,893	-	-	129,893
Total endowment net assets	$ 129,893	$ 114,938	$ 43,546	$ 288,377

(In Thousands)

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

	Without Donor Restrictions	With Donor Restrictions Time or Purpose	With Donor Restrictions In Perpetuity	Total
Endowment net assets, December 31, 2021	**$ 129,893**	**$ 114,938**	**$ 43,546**	**$ 288,377**
Contributions	**3,728**	**-**	**2,250**	**5,978**
Investment loss - investment Income and net loss	**(15,603)**	**(15,548)**	**-**	**(31,151)**
Appropriation of endowment assets for expenditure	**(14,584)**	**(3,618)**	**-**	**(18,202)**
Endowment net assets, December 31, 2022	**$ 103,434**	**$ 95,772**	**$ 45,796**	**$ 245,002**

Changes in endowment net assets for the year ended December 31, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions Time or Purpose	With Donor Restrictions In Perpetuity	Total
Endowment net assets, December 31, 2020	$ 119,315	$ 97,285	$ 42,796	$ 259,396
Contributions	1,531	-	750	2,281
Investment return – investment Income and net appreciation	16,322	21,336	-	37,658
Appropriation of endowment assets for expenditure	(7,275)	(3,683)	-	(10,958)
Endowment net assets, December 31, 2021	$ 129,893	$ 114,938	$ 43,546	$ 288,377

(In Thousands)

13. Fund-Raising Event Direct Operating Costs

BGCA holds periodic fund-raising events and reports the revenues generated, net of any direct operating costs, as revenue, gains, and other support in the accompanying consolidated statements of activities. These direct operating costs during 2022 and 2021 are as follows:

		2022		2021
Supplies	**$**	**223**	$	100
Printing		**68**		29
Postage		**11**		10
Travel		**798**		60
Banquets and space rental		**1,383**		492
Entertainment, event management, and speakers		**720**		394
	$	**3,203**	$	1,085

14. Leases

Operating Leases

All lease agreements for the year ended December 31, 2022 are accounted for under FASB ASC 842. For the year ended December 31, 2021, all leases were accounted for under the previous lease standard, ASC 840. Upon adoption of FASB ASC 842 and as discussed in Note 2, BGCA elected numerous practical expedients with respect to leases existing as of January 1, 2022.

BGCA recorded operating lease ROU assets and corresponding lease liabilities of approximately $2,111 and $2,276, respectively, upon adoption of the standard on January 1, 2022. There was no significant impact on net assets without donor restrictions.

At December 31, 2022, BGCA had operating leases for certain facilities, fleet vehicles, and office equipment with lease terms ranging from 1 to 7 years, with some options to extend or terminate. The operating leases do not contain residual value guarantees. Total operating lease expense for the year ended December 31, 2022 was $558. Total operating lease expense for the year ended December 31, 2021 was $477.

(In Thousands)

Consolidated supplemental cash flow information related to operating leases for the year ended December 31, 2022, consisted of the following:

		Operating Leases
Cash paid for amounts included in the measurement of lease liabilities	$	**640**
Right-of-use assets obtained in the exchange for operating lease obligations		**1,629**
Weighted – average remaining lease terms (in years)		**4.79**
Weighted – average discount rate		**5.89%**

The maturity of the lease liabilities under BGCA's operating leases as of December 31, 2022 is as follows:

Years Ending December 31,		Operating Leases
2023	$	**641**
2024		**356**
2025		**313**
2026		**313**
2027		**216**
Thereafter		**270**
Minimum lease payments		**2,109**
Less amounts representing interest		**(398)**
Minimum lease payments, net	$	**1,711**
Current portion		**570**
Noncurrent portion		**1,141**

Lessor Leases

BGCA has lessor operating leases for commercial space in BGCA's main headquarters for which lease payments are fixed at the time of lease commencement. BGCA considers the likelihood of its tenants exercising renewal or termination terms in its leases, based upon prior renewals, sales and forecasts, it determining the ultimate term of the lease. Termination terms are explicitly stated in each lease agreement. Lease payments are governed by the lease agreement and are generally fixed, although some lease agreements may provide for payment escalations. BGCA only includes consideration for lease components in its determination of lease payments.

BGCA's leases do not have any provisions for tenants to purchase underlying assets being leased at the end of the lease term, or that provide for residual value guarantees.

(In Thousands)

BGCA receives rental income under these lease agreements. As of December 31, 2022, these leases have termination dates through 2023 and thereafter. The total lease income received for fiscal years ended December 31, 2022 and 2021 was $1,199 and $1,129, respectively, and are reported within other revenue on the statement of activities.

As of December 31, 2022, the future minimum operating lease payments to be paid for years ended December 31 is as follows:

Years Ending December 31,		**Operating Leases**
2023	$	**793**
2024		**395**
2025		**24**
2026		**24**
2027		**24**
Thereafter		**226**
Minimum lease payments	$	**1,486**

15. Obligations for Custodial Funds

BGCA has custody of certain assets that are being held and disbursed only on instructions of the person or organization from which they were received. These custodial funds and related obligations are included in the accompanying consolidated statements of financial position; however, additions to/disbursements from these funds are not considered part of BGCA's operations.

The changes in custodial funds for the years ended December 31, 2022 and 2021 are as follows:

		2022		2021
Net (loss) gains on investments and other receipts	$	**(1,758)**	$	1,877
Disbursements		**(1,096)**		(1,117)
Net change for the year		**(2,854)**		760
Assets held in custody for others:				
Beginning of year		**14,824**		14,064
End of year	$	**11,970**	$	14,824

16. Fair Value Measurements

BGCA applies ASC No. 820, *Fair Value Measurement*, for fair value measurements of financial and nonfinancial assets and financial liabilities. BGCA's estimates of fair value for financial assets and liabilities are based on the framework established in ASC No. 820, which considers the inputs used in valuation, gives the highest priority to quoted prices in active markets, and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the ASC No. 820 hierarchy is based on whether the significant inputs relative to the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect BGCA's significant market assumptions. The three levels of the hierarchy are further described as follows:

> Level 1 – Valuations based on unadjusted quoted market prices for identical assets or liabilities in accessible and active markets.
>
> Level 2 – Valuations based on pricing inputs that are other than quoted prices in active markets that are either directly or indirectly observable. Examples include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.
>
> Level 3 – Valuations derived from other valuation methodologies, including pricing models, discounted cash flow models, and similar techniques. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and require significant professional judgment in determining the fair value assigned to such assets or liabilities. Level 3 investments comprise primarily alternative investments, which are not readily marketable.

The majority of BGCA's alternative investments are held through limited partnerships for which the fair value is estimated using the NAV reported by the investment managers as a practical expedient. In accordance with ASU 2015-07 *Fair Value Measurement*, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The carrying amounts presented are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated statements of financial position.

The carrying amounts of membership dues and grants receivable, split interest agreements, accounts payable and accrued expenses, and annuities payable (all classified largely as Level 1 within the fair value hierarchy described above) approximate fair value because of the relative terms and/or short maturity of these financial instruments. Contributions receivable are initially measured at fair value in the year the receivable is recorded based on the present value of the estimated future cash flows discounted at a rate that reflects the risks inherent in those cash flows, which is an application of the income approach. Contributions receivable reflected at fair value are classified as Level 3 in the fair value hierarchy. Cash and cash equivalents, investments, assets held in custody for others, and assets held in deferred compensation accounts are reflected in the accompanying consolidated financial statements at fair value. The carrying amounts of obligations for custodial funds, and the liability under deferred compensation agreements are recorded at the fair value of the underlying assets.

(In Thousands)

As required by ASC No. 820, financial instruments recorded at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The following is a summary of BGCA's financial instruments within the fair value hierarchy as of December 31, 2022 and 2021:

	2022						
	Investments Measured at NAV	Level 1	Level 2	Level 3	Total	Redemption or Liquidation	Notice Period
Assets:							
Recurring:							
Cash and cash equivalents	$ -	$ 39,830	$ -	$ -	$ 39,830	Daily	None
Investments, and assets held in custody for others:							
Short-term investments	$ -	$ 128,516	$ -	$ -	$ 128,516	Daily	None
Fixed income:							
Mutual funds	-	13,291	-	-	13,291	Daily	None
Other securities	-	-	15,369	-	15,369	Monthly	5 Days
Corporate stocks, domestic	-	68,273	-	-	68,273	Daily	None
Community foundation	-	-	-	41	41	At Foundation Discretion	At Foundation Discretion
Alternative investments:							
Private equity	46,868	-	-	-	46,868	At Discretion of GP	At Discretion of GP
Multi-strategy hedge funds	123,084	-	-	-	123,084	Bi-annually Annually or Quarterly	45-90 Days 65-105 Days
Total investments and assets held in custody for others	$ 169,952	$ 210,080	$ 15,369	$ 41	$ 395,442		
Assets held in deferred compensation accounts	$ -	$ 1,471	$ -	$ -	$ 1,471	Daily	None

	2021						
	Investments Measured at NAV	Level 1	Level 2	Level 3	Total	Redemption or Liquidation	Notice Period
Assets:							
Recurring:							
Cash and cash equivalents	$ -	$ 28,418	$ -	$ -	$ 28,418	Daily	None
Investments, and assets held in custody for others:							
Short-term investments	$ -	$ 89,536	$ -	$ -	$ 89,536	Daily	None
Fixed income:							
Mutual funds	-	14,744	-	-	14,744	Daily	None
Other securities	-	-	16,802	-	16,802	Monthly	5 Days
Corporate stocks, domestic	-	83,412	-	-	83,412	Daily	None
Community foundation	-	-	-	52	52	At Foundation Discretion	At Foundation Discretion
Alternative investments:							
Private equity	46,342	-	-	-	46,342	At Discretion of GP	At Discretion of GP
Multi-strategy hedge funds	150,421	-	-	-	150,421	Bi-annually Annually or Quarterly	45-90 Days 65-105 Days
Total investments and assets held in custody for others	$ 196,763	$ 187,692	$ 16,802	$ 52	$ 401,309		
Assets held in deferred compensation accounts	$ -	$ 1,638	$ -	$ -	$ 1,638	Daily	None

There were no transfers or purchases of the level 3 investments for 2022 and 2021.

The following is a description of the valuation methodologies and inputs used for alternative investments recorded at NAV.

Private Equity

This class includes a fund of funds that invests in private equity funds making investments in the U.S. across a broad range of industries and company sizes. These investments cannot be redeemed at the investor's request. Instead, the nature of the investments in this class is such that distributions are received through the liquidation of the underlying assets of the fund. The fair value of these investments has been estimated using the net asset value per share of the investment as a practical expedient to estimate fair value.

Credit/Distressed

This class includes investments in funds that buy bonds or structured credit products expected to appreciate in value and short those they expect to decline in value. These managers will invest in corporate bonds, structured products, bank loans and fixed income derivatives. Distressed-debt managers typically focus on bonds and bank loans trading at a significant discount to par value as a result of the debtor company's troubled financial condition. These managers may become actively involved in company reorganization and bankruptcy committees and may also buy bonds with the expectation that they will be converted to equity. The fair value of these investments has been determined to be the net asset value per share of the investments. Investments representing 7% of this class cannot be redeemed due to liquidity restrictions and will be distributed at the managers' discretion.

Multi-Strategy

This class includes investments in funds that invest in different strategies, shifting capital among them according to their profitability. These managers employ event driven and diversified strategies, seeking to generate risk-adjusted returns across business and market cycles. In addition, they may also engage in other areas, such as private placements, insurance and real estate. The term open mandate is sometimes used synonymously with multi-strategy. The fair value of these investments has been determined to be the net asset value per share of the investments. Investments representing 5% of this class cannot be redeemed due to liquidity restrictions and will be distributed at the managers' discretion.

17. Commitments and Contingencies

Financial

In May 2019, BGCA secured a revolving line of credit of $30,000 to assist with working capital, as needed. This line of credit was extended during 2022 and is available through July 31, 2023. There were no borrowings against the line during 2022 and 2021. Interest payments are due monthly, calculated at the London Inter-Bank Offered Rate plus 1.5 percentage points on the outstanding balance.

The line of credit agreement contains various covenants. BGCA is in compliance with these covenants as of December 31, 2022.

Legal Matters

BGCA is subject to claims and legal actions arising in the ordinary course of business. In the opinion of management, the outcome of such actions will not have a material adverse effect on the financial position of BGCA.

Federal Financial Assistance

Federally funded programs are routinely subject to special audits that could result in claims against the resources of BGCA. Management does not believe that there will be any claims arising from such audits that could have a material adverse effect on the financial position of BGCA.

18. Subsequent Events

BGCA evaluated events subsequent to December 31, 2022 and through May 15, 2023, the date on which the consolidated financial statements were available for issuance and determined that all significant events and disclosures are included in the consolidated financial statements.