

Clearwater For Youth, Inc.

Financial Statements

December 31, 2024

Clearwater For Youth, Inc.

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Clearwater For Youth, Inc.
Clearwater, Florida

Opinion

We have audited the accompanying financial statements of Clearwater For Youth, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clearwater For Youth, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Emphasis of Matter – Correction of an Error

The beginning net asset balance as of December 31, 2023 has been restated to correct an error in recording promises to give, donated facilities. See Note 6 and 11 for additional information. The auditors' opinion has not been modified with respect to the matter emphasized.

Kelly Partners + FRS, LLC

St. Petersburg, Florida
September 2, 2025

Clearwater For Youth, Inc.
Statement of Financial Position
December 31, 2024

ASSETS

Current assets

Cash	\$ 75,190
Contributions receivable:	
Promises to give	65,000
Use of building, current portion	2,340
Investments	5,243,892
Current assets	5,386,422
Total assets	\$ 5,386,422

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and accrued expenses	\$ 39,674
Total current liabilities	39,674

Net assets

Without donor restrictions	
Operating	42,726
Investments - Board designated	5,243,892
Total without donor restrictions	5,286,618
With donor restrictions	60,130
Total net assets	5,346,748
Total liabilities and net assets	\$ 5,386,422

Clearwater For Youth, Inc.

Statement of Activities

Year ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total December 31, 2024
PUBLIC SUPPORT			
Scholarships, sponsorships, and partnerships	\$ -	\$ 265,325	\$ 265,325
Contributions	180,172		180,172
Contributed non-financial assets	75,933	87,080	163,013
Special events, net of \$184,801 expenses	241,868		241,868
Miscellaneous revenue	1,119	283	1,402
Net assets released from restrictions	343,903	(343,903)	-
Total public support	842,995	8,785	851,780
EXPENSES			
Program services	1,010,812	-	1,010,812
Supporting services			
General and administrative	95,362	-	95,362
Fundraising	65,786	-	65,786
Total supporting services	161,148	-	161,148
Total expenses	1,171,960	-	1,171,960
Change in net assets before other changes	(328,965)	8,785	(320,180)
Other changes			
Investmet income, net of investment expenses	666,430	-	666,430
Change in net assets	337,465	8,785	346,250
Net assets, beginning of year (restated)	4,949,153	51,345	5,000,498
Net assets, end of year	5,286,618	60,130	5,346,748

Clearwater For Youth, Inc.

Statement of Functional Expenses

Year ended December 31, 2024

	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fundraising	Total	2024
Personnel expenses	\$ 333,858	\$ 51,362	\$ 42,802	\$ 94,165	\$ 428,023
Other expenses					
Scholarships	272,976	-	-	-	272,976
Grants	204,670	-	-	-	204,670
Contributed non-financial assets	162,529	484	-	484	163,013
Information technology	6,707	5,869	4,192	10,061	16,768
Lease expense	11,246	9,840	7,029	16,868	28,114
Marketing	859	751	537	1,288	2,147
Office	12,849	11,241	8,033	19,274	32,123
Insurance	540.00	473.00	338.00	811.00	1,351
Bank charges	-	5,340	-	5,340	5,340
Other	4,578	4,002	2,855	6,857	11,435
Legal/Professional fees	-	6,000	-	6,000	6,000
Event expenses	-	-	184,801	184,801	184,801
Total expenses	1,010,812	95,362	250,587	345,949	1,356,761
Less: expenses included with revenue on Statement of Activities					
Special event expenses	-	-	(184,801)	(184,801)	(184,801)
Total functional expenses	\$ 1,010,812	\$ 95,362	\$ 65,786	\$ 161,148	\$ 1,171,960

Clearwater For Youth, Inc.
Statement of Cash Flows
December 31, 2024

Cash flow from operating activities:	
Change in net assets	\$ 346,250
Adjustments to reconcile change in net assets to net cash flows used in operating activities:	
Realized and unrealized investment gains	(540,293)
Contribution receivable, promises to give	(65,000)
Contribution receivable, use of building	27,831
Accounts payable and accrued expenses	25,885
Net cash used in operating activities	(205,327)
 Cash flow from investing activities:	
Purchases of investments	(1,322,722)
Proceeds from sale of investments	1,440,827
Net cash provided by investing activities	118,105
 Net change in cash	 (87,222)
 Cash, beginning of the year	 162,412
 Cash, end of year	 \$ 75,190

Clearwater For Youth, Inc.
Notes to Financial Statements
December 31, 2024

NOTE 1 NATURE OF ORGANIZATION

Clearwater for Youth, Inc. (the "Organization") was organized in 1972 as a tax-exempt, nonprofit organization dedicated exclusively for the purpose of supporting the youth through access to athletics and arts, education, and water safety programs.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The Organization has adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities* ("ASC 958"). Under ASC 958, the Organization is required to provide financial statements which are prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. As such, the Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and, if applicable, with donor restrictions.

Support and Revenue Recognition

The Organization first determines if a transaction represents an exchange transaction and if so, accounts for the transaction in accordance with FASB ASC 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Gifts and contributions are recorded at their fair market value on the date of receipt.

The Organization reports contributions with donor restrictions as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Clearwater For Youth, Inc.

Notes to Financial Statements

December 31, 2024

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs, or other barriers.

Support arising from donated, or in-kind, goods, property, and services is recognized in the financial statements at its fair value. GAAP requires recognition of in-kind services, if such services (1) create or enhance nonfinancial assets or (2) require specialized skills and are provided by individuals possessing those skills, who would typically charge a fee.

Cash and Cash Equivalents

The Organization considers all highly liquid instruments with maturities of three months or less when purchased to be cash equivalents.

Investments

The Organization invests in mutual funds and exchange-traded products. The investments in securities are stated at fair value. Realized and unrealized gains and losses and interest income are reflected in the Statement of Activities, net of the administrative costs directly associated with managing the investments. Fair value is determined by market quotations.

Donated investments are recorded at fair value at the time of receipt.

Fair Value Measurements

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability, and are developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Organization may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

Clearwater For Youth, Inc.

Notes to Financial Statements

December 31, 2024

The inputs used to measure fair value are categorized into the following three categories:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in inactive markets. Inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data are also included. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the Organization's programs and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Natural expenses directly attributable to a specific functional area of the Organization are reported as direct expenses to its respective functional area. Certain categories of expenses, however, are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include rent, marketing, office, insurance and other are allocated based on time and effort spent by employees.

Income Tax

The Organization is exempt from federal and state income taxes under Section 501(c)(3) and, accordingly, no provision for income taxes has been made in the financial statements. Management has evaluated the Organization's tax position and concluded that no uncertain tax positions have been taken that would require adjustment to the financial statements to comply with the provisions of the Income Tax Topic of the FASB

Clearwater For Youth, Inc.

Notes to Financial Statements

December 31, 2024

ASC. With few exceptions, the Organization is subject to income tax examinations for up to three years after tax returns are filed.

Going Concern Evaluation

On an annual basis, as required by FASB ASC 205, the Organization performs an evaluation to determine whether there are conditions or events (known or reasonably knowable), considered in the aggregate, that raise substantial doubt about its ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Subsequent Events

In accordance with FASB ASC 855, the Organization evaluated subsequent events through September 2, 2025, the date the financial statements were available for issue.

NOTE 3 AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets as at December 31, 2024:

Financial assets at year-end	
Cash and cash equivalents	\$ 75,190
Contributions receivable	65,000
Investments	5,243,892
	<u>5,384,082</u>
Less amounts not available for use within one year	
Net assets with donor restrictions	57,790
	<u>57,790</u>
Financial assets available to meet	
expenditures over the next 12 months	<u>\$ 5,326,292</u>

NOTE 4 INVESTMENTS

Major categories of investments as of December 31, 2024 are summarized below:

Cash/money accounts	\$ 219,722
Equity funds	1,444,012
Fixed income funds	963,977
Mutual funds	2,111,243
Real estate investment trust	504,938
	<u>\$ 5,243,892</u>

Clearwater For Youth, Inc.

Notes to Financial Statements

December 31, 2024

Investment returns are as follows for the years ended December 31, 2024:

Net realized/unrealized gain	\$ 540,293
Interest and dividend income	155,124
Investment expenses	(28,987)
	<u>\$ 666,430</u>

NOTE 5 FAIR VALUE MEASUREMENTS

The Organization's investments measured at fair value on a recurring basis as follows as of December 31, 2024:

	Quoted Prices of Identical Products in Active Markets (Level 1)
Cash/Money Accounts	\$ 219,722
Equity funds	1,444,012
Fixed income funds	963,977
Mutual funds	2,111,243
Real estate investment trust	504,938
	<u>\$ 5,243,892</u>

There were no significant transfers between levels.

NOTE 6 PROMISE TO GIVE, DONATED FACILITIES

The organization entered into a lease with the City of Clearwater, Florida for office space. The lease requires no payments during the entire term of the agreement. The Organization recorded the value of the lease as a donation in 2020. Donated facilities represents the present value of the excess of the aggregate fair rental value of a building lease over below-market rent payments due under the lease with a lease term of ten years. The Organization has applied a present value factor of 5 percent to calculate the value of the donation in future periods.

The recognition of the fair value of this lease also represents the net assets with donor restrictions and is summarized as follows as of December 31, 2024:

Promise to give, donated facilities, beginning of year (restated)	\$ 30,171
Amortized discount	283
Lease expense	(28,114)
	<u>\$ 2,340</u>

Clearwater For Youth, Inc.
Notes to Financial Statements
December 31, 2024

NOTE 7 NET ASSETS

Net assets with donor restrictions were as follows as of December 31, 2024:

Subject to purpose restriction:	
Scholarship	\$ 57,790
Donated facilities	2,340
	<u>\$ 60,130</u>

NOTE 8 FUNDING AND CREDIT CONCENTRATION

Cash and Investments

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of bank deposits. The Organization maintains cash and investment balances at several financial institutions. Cash and investment accounts are federally insured up to certain limits. The Organization has not experienced any losses on such accounts, and by managing the cash and investment deposit concentration risk by placing cash with creditworthy institutions, management believes it is not exposed to any significant risk.

NOTE 9 CONTRIBUTED NONFINANCIAL ASSETS (IN-KIND CONTRIBUTIONS)

Contributed nonfinancial assets (in-kind contributions) included in the Statement of Activities are as follows for the year ended December 31, 2024:

	Program	Management and General	Fundraising	Total
Goods and materials				
Services	\$ 36,917	\$ —	—	\$ 36,917
Scholarships	87,080			87,080
Goods and materials	—	484	—	484
Use of facilities	38,532	—	—	38,532
Total per Statement of Activities	\$ 162,529	\$ 484	—	\$ 163,013
Event expenses (offset against special event revenue on Statement of Activities)				
Services	—	—	\$ 7,708	\$ 7,708
Goods and materials	—	—	28,262	28,262
Use of facilities	—	—	16,670	16,670
	—	—	\$ 52,640	\$ 52,640

Clearwater For Youth, Inc.
Notes to Financial Statements
December 31, 2024

NOTE 10 BOARD-DESIGNATED ENDOWMENT

The Board of Directors of Clearwater for Youth, Inc. has established a board-designated endowment to provide a predictable stream of funding for the Organization. The endowment has been funded by cumulative donations of \$2,125,000, however all investment accounts are considered part of the board-designated endowment. The Organization has created an endowment policy regarding allocation of investments and annual spending, and the endowment incorporates a scholarship account to fund second-year scholarship commitments. It is not the intent of the Board of Directors to use the principal of the endowment for general operational purposes. However, the funds may be used for operating shortfalls.

NOTE 11 RESTATEMENT

The beginning net assets as of December 31, 2023 were restated to correct an error in recording promises to give, donated building. As a result of this correction, beginning net assets were increased by \$30,171.