

PALM BEACH NORTH ATHLETIC FOUNDATION, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024



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**PALM BEACH NORTH ATHLETIC FOUNDATION, INC.
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YEAR ENDED DECEMBER 31, 2024**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Palm Beach North Athletic Foundation, Inc.
Palm Beach Gardens, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Palm Beach North Athletic Foundation, Inc., which comprise the balance sheet as of December 31, 2024, and the related statement of operations and changes in net assets, 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 Palm Beach North Athletic Foundation, Inc. as of December 31, 2024 and the results of its operations and changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Palm Beach North Athletic Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Palm Beach North Athletic Foundation, Inc. ability to continue as a going concern for one year after the date 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 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 Palm Beach North Athletic Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Palm Beach North Athletic Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Houston, Texas
June 24, 2025

PALM BEACH NORTH ATHLETIC FOUNDATION, INC.
BALANCE SHEET
DECEMBER 31, 2024

ASSETS

CURRENT ASSETS

| | |
|----------------------|------------------|
| Cash | \$ 1,223,771 |
| Pledges Receivable | <u>750,000</u> |
| Total Current Assets | <u>1,973,771</u> |

CONSTRUCTION IN PROGRESS

1,889,581

Total Assets

\$ 3,863,352

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | |
|------------------|------------|
| Accounts Payable | \$ 111,363 |
|------------------|------------|

NET ASSETS - WITHOUT DONOR RESTRICTIONS

3,751,989

Total Liabilities and Net Assets

\$ 3,863,352

See accompanying Notes to Financial Statements.

**PALM BEACH NORTH ATHLETIC FOUNDATION, INC.
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSET
YEAR ENDED DECEMBER 31, 2024**

| | |
|--|------------------|
| REVENUES | |
| Contributions | \$ 3,500,000 |
| Total Revenues | 3,500,000 |
| OPERATING EXPENSES | |
| Advertising | 14,752 |
| Contract Services | 34,237 |
| General and Administrative | 13,232 |
| Total Operating Expenses | 62,221 |
| EXCESS OF REVENUES OVER EXPENSES | 3,437,779 |
| Net Assets - Without Donor Restrictions - Beginning of Year | 314,210 |
| NET ASSETS - WITHOUT DONOR RESTRICTIONS - END OF YEAR | \$ 3,751,989 |

See accompanying Notes to Financial Statements.

PALM BEACH NORTH ATHLETIC FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

| | Program Services | Management and General | Fundraising and Development | Total |
|---------------------------|---------------------|---------------------------|--------------------------------|------------------|
| Professional Services | \$ - | \$ 7,034 | \$ 1,569 | \$ 8,603 |
| Accounting Fees | - | 3,650 | - | 3,650 |
| Legal Fees | - | 30,587 | - | 30,587 |
| Advertising and Promotion | - | 14,752 | - | 14,752 |
| Information Technology | - | 592 | - | 592 |
| Occupancy | - | 1,994 | - | 1,994 |
| Insurance | - | 1,973 | - | 1,973 |
| Other | - | 70 | - | 70 |
| Total Operating Expenses | <u>\$ -</u> | <u>\$ 60,652</u> | <u>\$ 1,569</u> | <u>\$ 62,221</u> |

See accompanying Notes to Financial Statements.

PALM BEACH NORTH ATHLETIC FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

| | |
|--|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in Net Assets | \$ 3,437,779 |
| Changes in Operating Assets and Liabilities: | |
| Accounts Receivable | 1,992 |
| Pledge Receivable | (750,000) |
| Accounts Payable | 88,764 |
| Net Cash Provided by Operating Activities | <u>2,778,535</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchases of Property and Equipment | <u>(1,735,984)</u> |
| Net Cash Used by Investing Activities | (1,735,984) |
| NET INCREASE IN CASH | 1,042,551 |
| Cash - Beginning of Year | <u>181,220</u> |
| CASH - END OF YEAR | <u><u>\$ 1,223,771</u></u> |

See accompanying Notes to Financial Statements.

PALM BEACH NORTH ATHLETIC FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Palm Beach North Athletic Foundation, Inc. (the Organization) was formed August 10, 2017 as a Florida nonprofit corporation for the purpose of developing and operating a world-class indoor community recreation facility, providing people of all ages and abilities a safe, state-of-the-art environment to help them achieve their goals and develop the skills needed for success in life.

Project Development

The Organization is planning to develop and operate an indoor recreation facility in Palm Beach Gardens, Florida. The facility will be over 123,000 square feet, featuring 2 NHL ice surfaces, three multipurpose rooms and over 300 parking spaces. Construction is estimated to take 18-months upon groundbreaking, which is set forth in 2025. The facility is estimated to cost approximately \$53 million which includes construction costs, soft costs, building furnishings, fixtures and equipment, and establishing a working capital and capitalized interest fund.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization is classified by the Internal Revenue Service (IRS) as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC.

The Organization's income tax returns are subject to review and examination by federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization reports any activities that are subject to tax on unrealized business income or excise or other taxes and files all proper returns related to those activities.

Cash

The Organization considers cash to include all highly liquid investments with maturities of three months or less. At times, such deposits may be in excess of FDIC insurance limits. The Organization monitors the stability of the financial institutions to minimize the risk of loss.

PALM BEACH NORTH ATHLETIC FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Pledges Receivable

Pledges, less an allowance for uncollectible pledges, if any, are recorded as receivables in the year made. Pledges receivable consist of unconditional promises to give and conditional promises to give for which conditions have been substantially met from various donors. Pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the years in which the pledges are received, if any. Amortization of the discounts is included as additions to the appropriate donor-restricted net asset classifications, if any. The Organization accounts for uncollectible pledges receivable under the reserve method.

Construction in Progress

Construction in progress costs are determined until the projects are completed and placed into service at which time the costs are depreciated over the useful life of the asset. As of December 31, 2024, construction in progress related to land and architectural design along with development costs related to the development of the recreation facility. As of December 31, 2024, none of the construction in progress has been placed in service.

Functional Allocation of Expenses

The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited utilizing units of service and department allocations.

Financial Statement Presentation

Contributions received are recorded as an increase in net assets without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Those resources over which the boards of directors have discretionary control. Designated amounts represent those revenues that the board has set aside for a particular purpose.

Net Assets With Donor Restrictions – Those resources subject to donor-imposed restrictions that will be satisfied by actions of the Organization or through the passage of time, or those resources subject to a donor-imposed restriction that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for program purposes.

PALM BEACH NORTH ATHLETIC FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Financial Statement Presentation (Continued)

Unconditional promises to give cash and other assets are accrued at estimated fair market value at the date each promise is received. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is satisfied, net assets are released and reported as an increase in net assets without donor restrictions. Donor-restricted contributions whose restrictions are met within the same reporting period as received are recorded as contributions without donor restrictions.

At December 31, 2024, the Organization did not have any net assets with donor restrictions. For the year ended December 31, 2024, all activities for the Organization were classified as net assets without donor restrictions.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 24, 2025, the date the financial statements were available to be issued.

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 balance sheet date, comprise the following for the year ended December 31, 2024:

| | |
|-------------------|---------------------|
| Cash | \$ 1,223,771 |
| Pledge Receivable | 750,000 |
| Total | <u>\$ 1,973,771</u> |

NOTE 3 PLEDGE RECEIVABLE

Included in pledges receivable are amounts that comprise unconditional promises to give and conditional promises to give for which conditions have been substantially met at December 31, 2024. The Organization had pledge receivables totaling \$750,000, all of which are expected to be collected within one year. These pledges are considered fully collectible, and therefore no allowance for doubtful accounts has been recorded, nor a discount rate applicable.

Not recorded as of December 31, 2024, are conditional pledges in which conditions have not been substantially met. Those conditional pledges are related to the Organization breaking ground on the construction of the recreational facility and meeting other milestones. The total amount of conditional pledges not recorded as of December 31, 2024 are \$8,487,500 from seven different donors or organizations.

PALM BEACH NORTH ATHLETIC FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 COMMITMENTS AND CONTINGENCIES

Development Agreement

On March 13, 2024, the Organization entered into a development agreement with Campol Consulting Group (CCG) to provide consulting services related to development, construction, start up and operations of the recreational facility. The services that CCG will provide to the Organization include, but not limited to, proforma projections, development and maintenance of a project development budget including furniture, fixtures, and equipment, liaison between the Organization and governmental agencies, obtaining and coordination of permits, amongst other services. The development agreement is in place effective April 1, 2024 through certificate of occupancy issuance. From January 1, 2024 to December 31, 2024 the Organization has paid CCG approximately \$160,000 and have been capitalized as part of construction in progress.

Pre-Construction Agreement

On November 15, 2024, the Organization entered into a pre-construction services agreement with Clancy & Theys Construction Company to provide services related to the construction of the recreational facility. The services that Clancy & Theys Construction Company will provide to the Organization, include, but not limited to, cost estimating, constructability reviews, site logistics, coordination of project meetings, amongst other services. The pre-construction fee is \$138,100 but is deferred until the Organization has obtained permanent financing.

Architectural Agreement

On February 18, 2025, the Organization entered into an architectural agreement with JLG Architects. JLG Architects fee is based on 5.5% of the budget. For the year ended December 31, 2024, JLG Architects has been paid \$1,086,000 for their services and have been capitalized as part of construction in progress.

NOTE 5 RELATED PARTY TRANSACTIONS

During the year ended December 31, 2024, the Organization received contributions totaling \$2,750,000 from a member of the Board of Directors. In addition, as of December 31, 2024, the Organization had a pledge receivable of \$750,000 from the same board member. The pledge is expected to be collected in accordance with the terms agreed upon and is included in pledges receivable on the accompanying balance sheet.

Management believes that these transactions were made in the ordinary course of business and were conducted at arm's length. The board member did not participate in any decisions related to the acceptance or terms of the pledge.

PALM BEACH NORTH ATHLETIC FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 CONCENTRATION OF CREDIT RISK AND REVENUE

For the year ended December 31, 2024, the Organization received 100% of its contribution revenue from a single donor. As of December 31, 2024, 100% of the Organization's pledge receivable balance was also due from this donor.

This concentration exposes the Organization to a significant risk should the donor's future contributions be reduced or discontinued. Management is aware of this risk and actively monitors the relationship and funding commitments.



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