

**BOYS & GIRLS CLUB
FOX VALLEY, INC.**

APPLETON, WISCONSIN

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2014

**BOYS & GIRLS CLUB FOX VALLEY, INC.
APPLETON, WISCONSIN**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Boys & Girls Club Fox Valley, Inc.
Appleton, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Boys & Girls Club Fox Valley, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys & Girls Club Fox Valley, Inc. as of December 31, 2014, 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.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedules of expenditures of federal and state awards as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the *State Single Audit Guidelines* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepared the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United states of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 27, 2015, on our consideration of Boys & Girls Club Fox Valley, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boys & Girls Club Fox Valley, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Organization's 2013 financial statements, and our report dated May 28, 2014, expressed an unqualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Erickson & Associates, S.C.

ERICKSON & ASSOCIATES, S.C.

Appleton, Wisconsin

May 27, 2015

**BOYS & GIRLS CLUB FOX VALLEY, INC.
APPLETON, WISCONSIN**

STATEMENT OF FINANCIAL POSITION

December 31, 2014

(With Comparative Totals for 2013)

	2014 Totals	2013 Totals
Current assets:		
Cash and temporary investments	\$ 2,398,346	\$ 311,722
Receivables:		
Grant receivable	135,068	122,517
United Ways	286,815	284,479
Pledges receivable (net)	2,047,248	506,603
Build out receivable	1,375	1,998
Other	261,064	2,582
Prepaid expenses	54,233	59,548
Total current assets	<u>5,184,149</u>	<u>1,289,449</u>
Fixed assets:		
Land, building and equipment	9,308,487	6,359,734
Less accumulated depreciation	<u>(1,282,317)</u>	<u>(1,122,600)</u>
Total fixed assets	<u>8,026,170</u>	<u>5,237,134</u>
Other assets:		
Pledges receivable, less current amount	2,956,768	145,036
Build out receivable	--	856
Beneficial interest in assets held by the Community Foundation	90,570	68,482
Cash value of life insurance	60,191	49,612
Total other assets	<u>3,107,529</u>	<u>263,986</u>
Total assets	<u><u>\$ 16,317,848</u></u>	<u><u>\$ 6,790,569</u></u>

LIABILITIES AND NET ASSETS

	<u>2014</u> <u>Totals</u>	<u>2013</u> <u>Totals</u>
Current liabilities:		
Accounts payable - operations	\$ 23,844	\$ 33,508
Accounts payable - construction in progress	1,603,187	--
Accrued expenses	144,440	106,418
Refundable advances	85,755	74,010
Total current liabilities	<u>1,857,226</u>	<u>213,936</u>
Long-term liabilities:		
Deferred compensation	60,191	49,612
Note payable	196,268	536,078
Total long-term liabilities	<u>256,459</u>	<u>585,690</u>
Total liabilities	<u>2,113,685</u>	<u>799,626</u>
Net assets:		
Unrestricted:		
Operations	133,993	46,367
Fixed assets	6,226,715	4,701,056
Total unrestricted	6,360,708	4,747,423
Temporarily restricted	7,765,918	1,188,348
Permanently restricted	77,537	55,172
Total net assets	<u>14,204,163</u>	<u>5,990,943</u>
Total liabilities and net assets	<u>\$ 16,317,848</u>	<u>\$ 6,790,569</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**BOYS & GIRLS CLUB FOX VALLEY, INC.
APPLETON, WISCONSIN**

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014
(With Comparative Totals for 2013)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Totals	2013 Totals
Public support , fees, grants, and revenues:					
Contributions	\$ 305,029	\$ 738,000	\$ 22,365	\$ 1,065,394	\$ 946,911
Contributions-Menasha	100,000	7,675,831	--	7,775,831	--
In-kind contributions	271,647	17,125	--	288,772	297,281
In-kind contributions - Menasha	--	70,319	--	70,319	--
United Ways	--	287,240	--	287,240	287,727
Governmental sources	--	668,735	--	668,735	688,878
Program services	125,569	--	--	125,569	77,341
Investment returns	3,520	--	--	3,520	7,419
Events:					
In-kind contributions	78,719	58,677	--	137,396	69,306
Other contributions and revenues	555,623	--	--	555,623	392,342
Other contributions and revenues- Menasha	--	565,598	--	565,598	--
Less direct benefit to participants	(153,614)	(25,567)	--	(179,181)	(122,125)
Less direct benefit to participants- in-kind	(78,719)	(58,677)	--	(137,396)	(69,306)
Facility rent	31,482	--	--	31,482	29,926
Miscellaneous income	6,783	--	--	6,783	595
Net assets released from restrictions:					
Time	7,664	(7,664)	--	--	--
Satisfaction of program restrictions	3,412,047	(3,412,047)	--	--	--
Total public support, fees, grants, and revenues	<u>4,665,750</u>	<u>6,577,570</u>	<u>22,365</u>	<u>11,265,685</u>	<u>2,606,295</u>
Expenses:					
Program services	2,475,525	--	--	2,475,525	2,321,687
Supporting services:					
Management	266,711	--	--	266,711	203,718
Fund Raising	310,229	--	--	310,229	208,047
Total supporting services	<u>576,940</u>	<u>--</u>	<u>--</u>	<u>576,940</u>	<u>411,765</u>
Total expenses	<u>3,052,465</u>	<u>--</u>	<u>--</u>	<u>3,052,465</u>	<u>2,733,452</u>
Change in net assets	1,613,285	6,577,570	22,365	8,213,220	(127,157)
Net assets - beginning of year	<u>4,747,423</u>	<u>1,188,348</u>	<u>55,172</u>	<u>5,990,943</u>	<u>6,118,100</u>
Net assets - end of year	<u>\$ 6,360,708</u>	<u>\$ 7,765,918</u>	<u>\$ 77,537</u>	<u>\$ 14,204,163</u>	<u>\$ 5,990,943</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**BOYS & GIRLS CLUB FOX VALLEY, INC.
APPLETON, WISCONSIN**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2014

(With Comparative Totals for 2013)

	Program	Administrative	Fund Raising	2014 Totals	2013 Totals
Salaries	\$ 1,316,370	\$ 137,801	\$ 148,586	\$ 1,602,757	\$ 1,432,405
Employee benefits	101,808	29,396	21,323	152,527	114,536
Payroll taxes	118,618	14,717	13,317	146,652	139,741
Special assistance	122,435	--	--	122,435	95,870
Special assistance - in-kind	181,603	--	--	181,603	186,917
Scholarships	4,000	--	1,000	5,000	1,000
Recognition	14,415	353	1,122	15,890	11,881
Occupancy	164,389	2,385	3,026	169,800	156,163
Equipment maintenance	5,960	1,385	14,316	21,661	13,499
Telephone	9,450	293	220	9,963	9,151
Professional fees	12,053	10,108	10,171	32,332	24,759
In-kind professional fees	22,837	16,214	--	39,051	20,272
Transportation	60,367	2,826	2,670	65,863	65,537
Staff development	7,391	1,878	372	9,641	12,432
Supplies	79,926	8,664	4,309	92,899	103,165
In-kind supplies	52,155	13,089	55,469	120,713	83,689
Printing	13,527	144	17,402	31,073	28,921
In-kind printing	1,991	--	--	1,991	3,071
Postage	2,839	565	1,467	4,871	5,120
Interest	1,314	8,775	--	10,089	23,278
Interest - in-kind	733	--	--	733	3,332
Dues and subscriptions	8,649	9,507	831	18,987	16,028
Real estate taxes	--	6,786	--	6,786	--
Miscellaneous	13,227	1,825	14,628	29,680	22,968
Total expenses before depreciation	2,316,057	266,711	310,229	2,892,997	2,573,735
Depreciation of building and equipment	159,468	--	--	159,468	159,717
Total expenses	<u>\$ 2,475,525</u>	<u>\$ 266,711</u>	<u>\$ 310,229</u>	<u>\$ 3,052,465</u>	<u>\$ 2,733,452</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**BOYS & GIRLS CLUB FOX VALLEY, INC.
APPLETON, WISCONSIN**

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2014
(With Comparative Totals for 2013)

	<u>2014</u> Totals	<u>2013</u> Totals
Cash flows from operating activities:		
Change in net assets	\$ 8,213,220	\$ (127,157)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	159,468	159,717
Donations made directly to the Community Foundation	(19,912)	(22,980)
Return on beneficial interest in assets held by the Community Foundation	(1,927)	(5,351)
Increase in cash value of life insurance policy	(10,579)	(9,753)
Change in certain assets and liabilities		
Operating promises to give	(4,352,377)	521,828
Other receivables	(258,482)	258
Grant receivables	(12,551)	(49,134)
United Way allocations receivable	(2,336)	(8,288)
Prepaid expenses	5,315	(8,828)
Accounts payable	(9,664)	12,668
Accrued expenses	38,022	(4,789)
Deferred compensation	10,579	9,753
Refundable advances	11,745	(36,831)
Net cash provided by operating activities	<u>3,770,521</u>	<u>431,113</u>
Cash flows from investing activities:		
Purchase of property and equipment	(1,345,566)	(51,615)
Cash flows from financing activities:		
Receipts from build out receivable	1,479	1,919
Payment on note payable	(339,810)	(550,000)
Net cash used in financing activities	<u>(338,331)</u>	<u>(548,081)</u>
Net increase (decrease) in cash and temporary investments	2,086,624	(168,583)
Cash and temporary investments at beginning of year	<u>311,722</u>	<u>480,305</u>
Cash and temporary investments at end of year	<u>\$ 2,398,346</u>	<u>\$ 311,722</u>
Supplemental disclosures on cash flow information		
Interest paid	<u>\$ 11,146</u>	<u>\$ 24,488</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**BOYS & GIRLS CLUB FOX VALLEY, INC.
APPLETON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies:

Nature of Activities

Boys & Girls Club Fox Valley, Inc. (Organization) is a not-for-profit corporation organized in the State of Wisconsin to promote the health, social, educational, vocational, character and leadership development of the boys and girls in the Fox Valley area.

The Organization operates from its site in Appleton, WI and from 7 school sites in Appleton and Little Chute, WI.

The Organization is supported primarily through donor contributions, grants and the United Way.

Basis of Accounting

The financial statements of the Organization have been prepared utilizing the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Organization's financial statements are presented in accordance with the requirements of the *Non-Profit Entities Topic of the FASB Accounting Standards Codification*. Under this Topic, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that can be fulfilled by the actions of the Organization pursuant to those stipulations or that expire by the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The income earned on these assets is used for general purposes.

Revenue Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by those skills and would otherwise be purchased by the Organization.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers cash and cash equivalents to include all cash accounts which are not subject to withdrawal restrictions or penalties with a maturity at the date of acquisition of three months or less.

**BOYS & GIRLS CLUB FOX VALLEY, INC.
APPLETON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

Pledges Receivable

Unconditional pledges receivable are recognized as revenues in the period received, and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional pledges to give are recognized when the conditions on which they depend are substantially met.

Summarized Comparative Information

The financial statements include certain prior year summarized comparative financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ending December 31, 2014, from which the summarized information was derived.

Furniture and Equipment Depreciation

Furniture, equipment and leasehold improvements are carried at cost or at fair value if contributed. Additions and improvements, which extend the useful life of furniture and equipment, are capitalized. Repair and maintenance costs are charged to operations as incurred. The Organization follows the practice of capitalizing only furniture, equipment and leasehold improvements with costs in excess of \$5,000 and useful lives of more than one year. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

Estimated useful lives are as follows:

Equipment	5 years
Building and building improvements	7-40 years

Refundable Advances

The Organization records grant awards accounted for as exchange transactions as refundable advances until related services are performed, at which time they are recognized as revenue.

Income Taxes

The Organization is a not-for-profit organization which is exempt from federal income taxes under Sections 501(c)(3) and 170(b)(A)(vi) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for the 50% charitable contributions deduction for individual donors. The Organization is also exempt from Wisconsin income taxes.

The Organization adopted the provisions of the *Income Taxes Topic of the FASB Accounting Standards Codification* as of January 1, 2009. As a result, the Organization evaluates its tax positions based on whether or not the position is more likely than not to be sustained upon examination by taxing authorities. The Organization continually evaluates its tax positions, changes in tax law and new authoritative rulings for potential implications on its tax status. For the year ended December 31, 2014, the Organization had no interest or penalties related to income taxes. With few exceptions, the Organization is no longer subject to U.S. federal and state income tax examination by tax authorities for the years before 2011.

**BOYS & GIRLS CLUB FOX VALLEY, INC.
APPLETON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

The Organization maintains its bank accounts at two financial institutions in the Fox Valley Area. Aggregate deposits are insured by the Federal Deposit Insurance Corporation and National Credit Union Administration up to \$250,000. The Organization's cash deposits exceed these federally insured limits at times during the year. The Organization has not experienced any losses on these accounts. Management believes the Organization is not exposed to any significant credit risk on cash.

Direct Benefits to Participants

Direct benefits to participants represent the value of items received in activities that are part exchange transactions and part contribution.

Note 2. Property, Equipment and Depreciation:

The following is a summary of property and equipment as of December 31,

	2014	2013
Land	\$ 1,217,044	\$ 194,300
Buildings	6,099,224	6,099,224
Construction in progress	1,926,009	--
Equipment	42,003	42,003
Vehicle	24,207	24,207
	9,308,487	6,359,734
Less accumulated depreciation	1,282,317	1,122,600
Net property and equipment	\$ 8,026,170	\$ 5,237,134

Note 3. Pledges Receivable:

Pledges receivable at December 31, are as follows:

	2014	2013
Receivable in less than one year	\$ 2,047,248	\$ 506,603
Receivable in one to five years	3,411,437	219,515
Total pledges receivable	5,458,685	726,118
Less discounts to net present value	229,391	15,517
Less allowances for uncollectible pledges	225,278	58,962
Net pledges receivable at December 31,	\$ 5,004,016	\$ 651,639

The discount rate used on long term pledges was 4 %.

**BOYS & GIRLS CLUB FOX VALLEY, INC.
APPLETON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 4. Beneficial Interest in Investments Held by the Community Foundation:

Beneficial interest in investments held by the Community Foundation represents amounts held at Community Foundation for the Fox Valley Region, Inc. The Foundation makes distributions to Boys & Girls Club Fox Valley, Inc. in accordance with the custodial agreement. No distributions were made in 2014 or 2013.

The agreement governing the assets includes a variance power allowing the Foundation to modify the restrictions on distributions from the funds.

Note 5. Line of Credit:

The Organization has a revolving line-of-credit as follows:

BMO Harris Bank, \$75,000 revolving line-of-credit. The line-of-credit in effect, which expires November 12, 2015, bears interest at a variable rate (3.41% at December 31, 2014). There was no outstanding balance under the line of credit at December 31, 2014.

Note 6. Note Payable:

Community First Credit Union, \$196,268 note payable. The note dated December 2, 2013, due January 1, 2016, bears interest at 3%. The note was secured by property of the Organization. This note was paid in full on January 2, 2015.

Note 7. Restricted Net Assets:

Temporarily restricted net assets at December 31, consist of the following:

	2014	2013
Purpose restrictions:		
Center for Grieving Children	\$ 45,962	\$ 59,848
After School Programs	35,605	49,255
Out of School Time Coalition	8,963	--
Urgent Needs of Youth	--	7,632
Targeted Outreach Initiative	4,000	27,970
Power Hour Tutoring	7,820	5,000
"Be Great" Building Campaign	333,611	654,634
Triple Play Leadership Club	2,650	2,000
Wisconsin after 3	8,000	--
TRAC	2,500	--
Boys & Girls Club Little Chute	62,149	87,530
Campaign for Menasha Youth	6,967,843	--
Time Restrictions:		
Operations	--	10,000
United Way Allocation	286,815	284,479
	\$ 7,765,918	\$ 1,188,348

Permanently restricted assets represent contributions by donors as endowment contributions.

**BOYS & GIRLS CLUB FOX VALLEY, INC.
APPLETON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 8. Donated Materials and Services:

The value of donated materials and services included in the financial statements in contributions and the corresponding expense for the years ended December 31, 2014 and 2013, are as follows:

	2014				Total
	Program	Management	Fundraising	Direct Benefits	
Supplies	\$ 52,155	\$ 13,089	\$ 55,469	\$ --	\$ 120,713
Participant direct benefit	--	--	--	137,396	137,396
Special Assistance	181,603	--	--	--	181,603
Printing	1,991	--	--	--	1,991
Professional fees	22,837	16,214	--	--	39,051
Occupancy	--	--	--	--	--
Interest	734	--	--	--	734
Miscellaneous	--	--	--	--	--
	<u>\$ 259,320</u>	<u>\$ 29,303</u>	<u>\$ 55,469</u>	<u>\$ 137,396</u>	<u>\$ 481,488</u>
	2013				
	Program	Management	Fundraising	Direct Benefits	Total
Supplies	\$ 83,209	\$ 480	\$ --	\$ --	\$ 83,689
Participant direct benefit	--	--	--	69,306	69,306
Special Assistance	186,918	--	--	--	186,918
Printing	3,070	--	--	--	3,070
Professional fees	20,272	--	--	--	20,272
Interest	3,332	--	--	--	3,332
	<u>\$ 296,801</u>	<u>\$ 480</u>	<u>\$ --</u>	<u>\$ 69,306</u>	<u>\$ 366,587</u>

A substantial number of unpaid volunteers have made significant contributions of their time to the operations of the Organization. The value of these donated services and time is not recognized in the accompanying financial statements because they do not meet the criteria for recognition.

**BOYS & GIRLS CLUB FOX VALLEY, INC.
APPLETON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 9. Fair Value Measurements:

As defined in the *Fair Value Measurements Topic of the FASB Accounting Standards Codification*, fair value is 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. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities measured, reported and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

- Level 1 - Fair value measurement is based on quoted prices for identical assets or liabilities in active markets.
- Level 2 - Fair value measurement is based on 1) quoted prices for similar assets or liabilities in active markets; 2) quoted prices for identical or similar assets or liabilities in markets that are not active; or 3) valuation models and methodologies for which all significant assumptions are or can be corroborated by observable market data.
- Level 3 - Fair value measurement is based on valuation models and methodologies that incorporate at least one significant assumption that cannot be corroborated by observable market data. Level 3 measurements reflect the Organization's estimates about assumptions market participants would use in measuring fair value of the asset or liability.

The fair value of funds held at Community Foundation for the Fox Valley Region, Inc. is based on information provided by the Foundation and they have not historically adjusted this information.

Classifications of these funds as of December 31, 2014, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in assets held by the Community Foundation	\$ --	\$ 90,570	\$ --	\$ 90,570

Classifications of these funds as of December 31, 2013, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in assets held by the Community Foundation	\$ --	\$ 68,482	\$ --	\$ 68,482

**BOYS & GIRLS CLUB FOX VALLEY, INC.
APPLETON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 10. Employee Benefit Plan:

The Organization has a 401(k) plan covering all employees. The Organization matches employee's contributions up to 3% of the employee's salary on an annual basis. For the year ended December 31, 2014, the Organization's contributions to the plan were \$32,195, and are included in employee benefits in the accompanying financial statements. In addition to the 401(k), the Organization has established a non-qualified plan for certain employees.

The Organization adopted a non-qualified deferred compensation program as allowed under Section 457(b) of the Internal Revenue Code to retain and reward key employees of the Organization. Active participants may defer a portion of their salary to the plan on a pre-tax basis. The Organization can make non-elective and matching contributions to the accounts of active participants in the plan on a discretionary basis. During 2014, contributions of \$8,873 were made by the Organization to the plan.

Note 11. Campaign for Menasha Youth:

The Organization started the Campaign for Menasha Youth during 2014 to raise funds for the construction and operation of a new facility in the City of Menasha. The Campaign has impacted several areas in the financial statements. These include but are not limited to cash, pledges receivable, line of credit payable, temporarily restricted net assets, contributions, and fund raising expenses.

Note 12. Subsequent Events:

The Organization has evaluated all subsequent events through May 27, 2015, the date on which the financial statements were available to be issued.

Menasha Boys & Girls Club Facility:

On January 9, 2015, the Organization entered into a \$4,000,000 Business Loan Agreement with Community First Credit Union. The note is due January 9, 2017, with 0% interest.

SUPPLEMENTARY INFORMATION

**BOYS & GIRLS CLUB FOX VALLEY, INC.
APPLETON, WISCONSIN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014**

Federal Grantor Pass-through Grantor Award Description	Federal Catalog Number	Federal Expenditures
<i>U.S. DEPARTMENT OF AGRICULTURE</i>		
Pass-through program from:		
Wisconsin Department of Revenue		
Summer Food Service Program for Children	10.559	\$ 62,129
Child and Adult Care Food Program	10.558	52,817
<i>U.S. DEPARTMENT OF JUSTICE</i>		
Pass-through program from:		
Cal Ripken Sr. Foundation		
Juvenile Mentoring Program	16.726	17,500
Boys and Girls Club of America		
Juvenile Mentoring Program	16.726	21,000
<i>U.S. DEPARTMENT OF EDUCATION</i>		
Pass-through program from:		
Wisconsin Department of Revenue		
Appleton Area School District		
21st Century Community Learning Center	84.287	357,733
<i>U.S. DEPARTMENT OF HEALTH AND FAMILY SERVICES</i>		
Pass-through program from:		
Calumet County		
Promoting Safe and Stable Families	93.658	5,950
Boys and Girls Club of Milwaukee		
Temporary Assistance For Needy Families	93.558	48,133
Wisconsin Association for Homeless and Runaway Services		
Street Outreach Program	93.557	24,368
Wisconsin Department of Children and Families		
Child Welfare Services Grant	93.645	48,333
Total		<u>\$ 637,963</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS.

**BOYS & GIRLS CLUB FOX VALLEY, INC.
APPLETON, WISCONSIN**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended December 31, 2014**

<u>State Grantor Pass-through Grantor Award Description</u>	<u>State Catalog Number</u>	<u>Program Amount</u>
<i>WISCONSIN DEPARTMENT OF CHILDREN AND FAMILIES</i> Child Welfare Services Grant	437-1740	<u>\$ 3,919</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS.

**BOYS & GIRLS CLUB FOX VALLEY, INC.
APPLETON, WISCONSIN**

**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND
STATE AWARDS**

For the Year Ended December 31, 2014

Note 1. Basis of Presentation:

The accompanying schedules of expenditures of federal and state awards are presented in accordance with the requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines*, and includes all federal and state grant activity of Boys & Girls Club Fox Valley, Inc., including federal and state financial awards passed through other governmental agencies. The schedules are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded as liabilities when incurred, and the amounts included on the schedules are generally in agreement with amounts presented in Boys & Girls Club Fox Valley, Inc.'s financial statements.



Erickson & Associates, S.C.

Certified Public Accountants and Financial Consultants

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Boys & Girls Club Fox Valley, Inc.
Appleton, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Boys & Girls Club Fox Valley, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 27, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boys & Girls Club Fox Valley, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Boys & Girls Club Fox Valley, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2014-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Boys & Girls Club Fox Valley, Inc.'s Response to Findings

Boys & Girls Club Fox Valley, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Boys & Girls Club Fox Valley, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

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

Erickson & Associates, S.C.

ERICKSON & ASSOCIATES, S.C.
Appleton, Wisconsin
May 27, 2015



Erickson & Associates, S.C.

Certified Public Accountants and Financial Consultants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors
Boys & Girls Club Fox Valley, Inc.
Appleton, Wisconsin

Report on Compliance for Each Major Federal Program

We have audited Boys & Girls Club Fox Valley, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Boys & Girls Club Fox Valley, Inc.'s major federal programs for the year ended December 31, 2014. Boys & Girls Club Fox Valley, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Boys & Girls Club Fox Valley, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Boys & Girls Club Fox Valley, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Boys & Girls Club Fox Valley, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Boys & Girls Club Fox Valley, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of Boys & Girls Club Fox Valley, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Boys & Girls Club Fox Valley, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Boys & Girls Club Fox Valley, Inc.'s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-002 to be a significant deficiency.

Boys & Girls Club Fox Valley, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Boys & Girls Club Fox Valley, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Erickson & Associates, S.C.

ERICKSON & ASSOCIATES, S.C.
Appleton, Wisconsin
May 27, 2015

**BOYS & GIRLS CLUB FOX VALLEY, INC.
APPLETON, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2014**

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued?	Unmodified opinion
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified not considered to be material weakness?	Yes
Noncompliance material to the financial statements?	No

Federal Awards

Internal control over financial reporting:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified not considered to be material weaknesses?		Yes
Type of auditor's report on compliance for major programs:		Unmodified opinion
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 Section 510(1)?		Yes
Identification of major federal programs:	84.287	21st Century Learning Center
Dollar threshold used to distinguish between Type A and Type B Programs		\$300,000
Auditee qualified as a low-risk auditee?		No

Financial Statement Findings:

2014-001 Financial Statement Preparation

Condition: The Organization has historically relied upon its auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Organization's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered part of the Organization's internal controls.

**BOYS & GIRLS CLUB FOX VALLEY, INC.
APPLETON, WISCONSIN**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
For the Year Ended December 31, 2014

Financial Statement Findings - Continued:

Criteria: Pursuant to SAS 115, *Communicating Internal Control Related Matters Identified in an Audit*, we are required to report on whether the Organization is able to prepare financial statements in accordance with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data, and (2) reporting government-wide and financial statements, including the related footnotes.

Cause: The additional costs with hiring staff experienced in preparing financial statements, along with additional training time, outweigh the derived benefits.

Recommendation: The Organization should continue to evaluate the cost/benefit of outsourcing the task of preparing the financial statements to the external auditors.

Management

Response: The Organization has evaluated the cost/benefit of outsourcing the task of preparing the financial statements to the auditors. The Organization has determined that it is in the best interest of the Organization to continue to do so. The Organization will carefully review the draft of the financial statements and notes prior to approving them and accept responsibility for their content and presentation.

Federal and State Finding:

2014-002 Financial Reporting for Federal and State Awards

Condition: OMB Circular A-133 and the *State Single Audit Guidelines* require the Organization to prepare appropriate financial statements, including the schedules of expenditures of federal and state awards. During the current year, these schedules were prepared by Erickson & Associates.

Criteria: Having staff prepare the Organization's schedules of expenditures of federal and state awards is an internal control intended to prevent, detect and correct a potential misstatement in the schedules or accompanying notes to the schedules.

Cause: The staff of the Organization did not prepare these schedules. They were prepared by Erickson & Associates.

BOYS & GIRLS CLUB FOX VALLEY, INC.
APPLETON, WISCONSIN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
For the Year Ended December 31, 2014

2014-002 Financial Reporting for Federal and State Awards - Continued

Recommendation: For the current year we recommend the Organization review the schedules of expenditures of federal and state awards prepared by Erickson & Associates. A thorough review of this information is necessary to obtain an adequate understanding of the Organization's financial report. For future years, we recommend the Organization allocate sufficient resources and complete the schedules of expenditures of federal and state awards.

Management

Response: The Organization will look into implementing procedures to address this finding and will consider putting these procedures into place in the future.

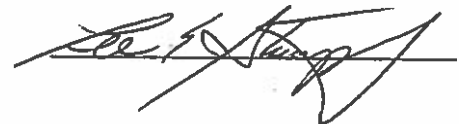
Other Issues

Does the auditor have substantial doubt as to the
auditee's ability to continue as a going concern? No

Does the audit report show audit issues related to
grants/contracts with funding agencies that require
audits to be in accordance with the *State Single Audit
Guidelines* and the *DHS Audit Guide*? Yes

Was a management letter or other document conveying
audit comments issued as a result of this audit? Yes

Signature of shareholder



Date of report

May 27, 2015

**BOYS & GIRLS CLUB FOX VALLEY, INC.
APPLETON, WISCONSIN**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2014**

Status of Prior Year Audit Findings

The finding noted in the 2013 schedule of findings and questioned costs has been reported to the proper federal and state agencies.

Regarding findings 2013-001 and 2013-002, management continues to believe that due to budget constraints, it is not practicable for the Organization to hire additional staff to correct these findings.

Corrective Action Plan for Audit Findings

The contact person responsible for the corrective action plan is Greg Lemke-Rochon, Executive Director.

See management's responses to audit findings 2014-001 - 2014-002 on pages 21-23.