

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

APPLETON, WISCONSIN

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2015

**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

We have audited the accompanying financial statements of Boys & Girls Club Fox Valley, Inc., which comprise the statement of financial position as of December 31, 2015, 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.

Auditor's 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. 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, 2015, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2014 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 27, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, 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 31, 2016

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

STATEMENT OF FINANCIAL POSITION

December 31, 2015

(With Comparative Totals for 2014)

	2015	2014
	<u>Totals</u>	<u>Totals</u>
Current assets:		
Cash and temporary investments	\$ 1,035,903	\$ 2,398,346
Receivables:		
Grant receivable	146,153	135,068
United Ways	295,419	286,815
Pledges receivable (net)	1,611,835	2,047,248
Build out receivable	--	1,375
Other	72,832	261,064
Prepaid expenses	46,519	54,233
Total current assets	<u>3,208,661</u>	<u>5,184,149</u>
Fixed assets:		
Land, building and equipment	13,816,934	9,308,487
Less accumulated depreciation	<u>(1,556,366)</u>	<u>(1,282,317)</u>
Total fixed assets	<u>12,260,568</u>	<u>8,026,170</u>
Other assets:		
Pledges receivable, less current amount	1,687,979	2,956,768
Beneficial interest in assets held by the Community Foundation	86,531	90,570
Cash value of life insurance	<u>71,537</u>	<u>60,191</u>
Total other assets	<u>1,846,047</u>	<u>3,107,529</u>
Total assets	<u><u>\$ 17,315,276</u></u>	<u><u>\$ 16,317,848</u></u>

LIABILITIES AND NET ASSETS

	<u>2015</u> <u>Totals</u>	<u>2014</u> <u>Totals</u>
Current liabilities:		
Accounts payable - operations	\$ 43,729	\$ 23,844
Accounts payable - construction in progress	-	1,603,187
Accrued expenses	143,934	144,440
Refundable advances	85,033	85,755
Total current liabilities	<u>272,696</u>	<u>1,857,226</u>
Long-term liabilities:		
Deferred compensation	71,537	60,191
Note payable	2,623,829	196,268
Total long-term liabilities	<u>2,695,366</u>	<u>256,459</u>
Total liabilities	<u>2,968,062</u>	<u>2,113,685</u>
Net assets:		
Unrestricted:		
Operations	113,951	133,993
Fixed assets	9,636,739	6,226,715
Total unrestricted	9,750,690	6,360,708
Temporarily restricted	4,517,867	7,765,918
Permanently restricted	78,657	77,537
Total net assets	<u>14,347,214</u>	<u>14,204,163</u>
Total liabilities and net assets	<u>\$ 17,315,276</u>	<u>\$ 16,317,848</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, 2015
(With Comparative Totals for 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2015 Totals</u>	<u>2014 Totals</u>
Public support , fees, grants, and revenues:					
Contributions	\$ 404,850	\$ 715,827	\$ 1,120	\$ 1,121,797	\$ 1,065,394
Contributions-Menasha	--	251,757	--	251,757	7,775,831
In-kind contributions	192,504	8,208	--	200,712	288,772
In-kind contributions - Menasha	--	595,063	--	595,063	70,319
United Ways	--	297,786	--	297,786	287,240
Governmental sources	--	621,396	--	621,396	668,735
Program services	187,654	--	--	187,654	125,569
Investment returns	(2,639)	--	--	(2,639)	3,520
Events:					
In-kind contributions	94,764	--	--	94,764	137,396
Other contributions and revenues	725,128	--	--	725,128	555,623
Other contributions and revenues- Menasha	--	--	--	--	565,598
Less direct benefit to participants	(194,384)	--	--	(194,384)	(179,181)
Less direct benefit to participants- in-kind	(94,764)	--	--	(94,764)	(137,396)
Facility rent	8,522	--	--	8,522	31,482
Miscellaneous income	10,975	--	--	10,975	6,783
Net assets released from restrictions:					
Time	564,826	(564,826)	--	--	--
Satisfaction of program restrictions	5,173,262	(5,173,262)	--	--	--
Total public support, fees, grants, and revenues	<u>7,070,698</u>	<u>(3,248,051)</u>	<u>1,120</u>	<u>3,823,767</u>	<u>11,265,685</u>
Expenses:					
Program services	3,109,118	--	--	3,109,118	2,475,525
Supporting services:					
Management	287,151	--	--	287,151	266,711
Fund raising	284,447	--	--	284,447	310,229
Total supporting services	<u>571,598</u>	<u>--</u>	<u>--</u>	<u>571,598</u>	<u>576,940</u>
Total expenses	<u>3,680,716</u>	<u>--</u>	<u>--</u>	<u>3,680,716</u>	<u>3,052,465</u>
Change in net assets	3,389,982	(3,248,051)	1,120	143,051	8,213,220
Net assets - beginning 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>
Net assets - end of year	<u>\$ 9,750,690</u>	<u>\$ 4,517,867</u>	<u>\$ 78,657</u>	<u>\$ 14,347,214</u>	<u>\$ 14,204,163</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, 2015

(With Comparative Totals for 2014)

	Program	Administrative	Fund Raising	2015 Totals	2014 Totals
Salaries	\$ 1,579,946	\$ 146,135	\$ 164,906	\$ 1,890,987	\$ 1,602,757
Employee benefits	139,280	27,114	23,542	189,936	152,527
Payroll taxes	141,873	11,903	14,709	168,485	146,652
Special assistance	162,430	--	--	162,430	122,435
Special assistance - in-kind	109,292	--	--	109,292	181,603
Scholarships	2,000	--	4,000	6,000	5,000
Recognition	7,328	417	8,788	16,533	15,890
Occupancy	179,327	2,121	2,078	183,526	169,800
Equipment maintenance	22,278	922	1,804	25,004	21,661
Telephone	12,765	251	188	13,204	9,963
Professional fees	18,396	46,339	10,935	75,670	32,332
In-kind professional fees	26,162	4,500	--	30,662	39,051
Transportation	89,011	4,873	3,414	97,298	65,863
Staff development	11,155	1,967	1,369	14,491	9,641
Supplies and technology	168,674	27,962	6,507	203,143	92,899
In-kind supplies	53,366	3,734	3,011	60,111	120,713
Printing	22,081	684	27,003	49,768	31,073
In-kind printing	605	--	--	605	1,991
Postage	4,565	457	1,463	6,485	4,871
Interest and investment expenses	1,368	--	--	1,368	10,089
Interest - in-kind	61,682	--	--	61,682	733
Dues and subscriptions	10,892	5,334	484	16,710	18,987
Real estate taxes	--	--	--	--	6,786
Miscellaneous	10,594	2,438	10,246	23,278	29,680
Total expenses before depreciation	2,835,070	287,151	284,447	3,406,668	2,892,997
Depreciation of building and equipment	274,048	--	--	274,048	159,468
Total expenses	<u>\$ 3,109,118</u>	<u>\$ 287,151</u>	<u>\$ 284,447</u>	<u>\$ 3,680,716</u>	<u>\$ 3,052,465</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, 2015
(With Comparative Totals for 2014)

	2015 Totals	2014 Totals
Cash flows from operating activities:		
Change in net assets	\$ 143,051	\$ 8,213,220
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	274,048	159,468
Donations made directly to the Community Foundation	--	(19,912)
In - kind donations capitalized	(595,063)	--
Return on beneficial interest in assets held by the Community Foundation	4,039	(1,927)
Increase in cash value of life insurance policy	(11,346)	(10,579)
Change in certain assets and liabilities		
Operating promises to give	1,704,202	(4,352,377)
Other receivables	188,232	(258,482)
Grant receivables	(11,085)	(12,551)
United Way allocations receivable	(8,604)	(2,336)
Prepaid expenses	7,714	5,315
Accounts payable	19,885	(9,664)
Accrued expenses	(506)	38,022
Deferred compensation	11,346	10,579
Refundable advances	(722)	11,745
Net cash provided by operating activities	1,725,191	3,770,521
Cash flows from investing activities:		
Purchase of property and equipment	(5,516,570)	(1,345,566)
Cash flows from financing activities:		
Receipts from build out receivable	1,375	1,479
Proceeds from note payable	3,427,561	--
Payment on note payable	(1,000,000)	(339,810)
Net cash provided by (used in) financing activities	2,428,936	(338,331)
Net increase (decrease) in cash and temporary investments	(1,362,443)	2,086,624
Cash and temporary investments at beginning of year	2,398,346	311,722
Cash and temporary investments at end of year	\$ 1,035,903	\$ 2,398,346
Supplemental disclosures on cash flow information		
Interest paid	\$ 129	\$ 11,146

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 sites in Appleton and Menasha, 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, 2015, 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, 2015, 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 2012.

**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,

	<u>2015</u>	<u>2014</u>
Land	1,243,595	1,217,044
Buildings	12,039,077	6,099,224
Construction in progress	--	1,926,009
Equipment	510,055	42,003
Vehicle	24,207	24,207
	<u>13,816,934</u>	<u>9,308,487</u>
Less accumulated depreciation	1,556,366	1,282,317
Net property and equipment	<u>12,260,568</u>	<u>8,026,170</u>

Note 3. Pledges Receivable:

Pledges receivable at December 31, are as follows:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 1,611,835	\$ 2,047,248
Receivable in one to five years	2,020,411	3,411,437
Total pledges receivable	<u>3,632,246</u>	<u>5,458,685</u>
Less discounts to net present value	116,237	229,391
Less allowances for uncollectible pledges	<u>216,195</u>	<u>225,278</u>
Net pledges receivable at December 31,	<u>\$ 3,299,814</u>	<u>\$ 5,004,016</u>

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 2015 or 2014.

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

Note 5. 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.

Community First Credit Union, \$2,623,829 note payable. The note dated January 9, 2015 is due January 9, 2017, bears interest at 0%. The note was secured by property of the Organization.

Note 6. Restricted Net Assets:

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

	2015	2014
Purpose restrictions:		
Center for Grieving Children	25,437	45,962
After School Programs	26,543	35,605
Out of School Time Coalition	--	8,963
Targeted Outreach Initiative	1,000	4,000
Power Hour Tutoring	--	7,820
STEM Program	3,750	--
"Be Great" Building Campaign	91,212	333,611
Triple Play	2,000	2,650
Wisconsin after 3	4,000	8,000
TRAC	--	2,500
Boys & Girls Club Little Chute	65,766	62,149
Boys & Girls Club Menasha	34,333	--
Campaign for Menasha Youth	2,242,487	6,967,843
Operations - Menasha	1,675,920	--
Operations - Appleton	50,000	--
Time Restrictions:		
United Way Allocation	295,419	286,815
	4,517,867	7,765,918

Permanently restricted assets represent contributions by donors as endowment contributions.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 7. 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, 2015 and 2014, are as follows:

	2015				
	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Direct Benefits</u>	<u>Total</u>
Supplies	\$ 53,366	\$ 3,734	\$ 3,011	\$ --	\$ 60,111
Participant direct benefit	--	--	--	94,764	94,764
Special Assistance	109,292	--	--	--	109,292
Printing	605	--	--	--	605
Professional fees	26,162	4,500	--	--	30,662
Interest	42	--	--	--	42
	<u>\$189,467</u>	<u>\$ 8,234</u>	<u>\$ 3,011</u>	<u>\$ 94,764</u>	<u>\$ 295,476</u>
	2014				
	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Direct Benefits</u>	<u>Total</u>
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
Interest	734	--	--	--	734
	<u>\$ 259,320</u>	<u>\$ 29,303</u>	<u>\$ 55,469</u>	<u>\$ 137,396</u>	<u>\$ 481,488</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. Employee Benefit Plan:

The Organization has a 401(k) plan covering all employees. The Organization matches employee's contributions up to 4% of the employee's salary on an annual basis. For the year ended December 31, 2015, the Organization's contributions to the plan were \$36,699, 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 2015, contributions of \$9,144 were made by the Organization to the plan.

Note 10. 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 11. Subsequent Events:

The Organization has evaluated all subsequent events through May 31, 2016, the date on which the financial statements were available to be issued.