

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

APPLETON, WISCONSIN

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2017

**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. (a non-profit organization), which comprise the statement of financial position as of December 31, 2017, 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, 2017, 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 2016 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 31, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, 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

July 30, 2018

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

STATEMENT OF FINANCIAL POSITION

December 31, 2017

(With Comparative Totals for 2016)

| | 2017 | 2016 |
|----------------------------------------------------------------|----------------------|----------------------|
| | <u>Totals</u> | <u>Totals</u> |
| Current assets: | | |
| Cash and temporary investments | \$ 718,387 | \$ 967,817 |
| Receivables: | | |
| Grant receivable | 78,362 | 80,397 |
| United Ways | 311,209 | 304,282 |
| Pledges receivable (net) | 1,030,425 | 1,103,939 |
| Other | 27,924 | 14,986 |
| Prepaid expenses | 61,104 | 49,094 |
| Total current assets | <u>2,227,411</u> | <u>2,520,515</u> |
| Fixed assets: | | |
| Land, building and equipment | 13,913,844 | 13,800,237 |
| Less accumulated depreciation | <u>(2,314,182)</u> | <u>(1,920,690)</u> |
| Total fixed assets | <u>11,599,662</u> | <u>11,879,547</u> |
| Other assets: | | |
| Pledges receivable, less current amount | 423,158 | 988,514 |
| Beneficial interest in assets held by the Community Foundation | 113,449 | 91,948 |
| Cash value of life insurance | 96,068 | 83,357 |
| Total other assets | <u>632,675</u> | <u>1,163,819</u> |
| Total assets | <u>\$ 14,459,748</u> | <u>\$ 15,563,881</u> |

LIABILITIES AND NET ASSETS

| | 2017 Totals | 2016 Totals |
|-----------------------------------------|----------------------|----------------------|
| Current liabilities: | | |
| Accounts payable - operations | \$ 59,813 | \$ 43,000 |
| Accrued expenses | 151,267 | 140,224 |
| Refundable advances | 79,063 | 105,493 |
| Total current liabilities | 290,143 | 288,717 |
| Long-term liabilities: | | |
| Deferred compensation | 96,067 | 83,357 |
| Note payable | 298,829 | 1,368,829 |
| Total long-term liabilities | 394,896 | 1,452,186 |
| Total liabilities | 685,039 | 1,740,903 |
| Net assets: | | |
| Unrestricted: | | |
| Operations | 425,251 | 198,168 |
| Fixed assets (net of related debt) | 11,300,833 | 10,510,718 |
| Total unrestricted | 11,726,084 | 10,708,886 |
| Temporarily restricted | 1,968,468 | 3,034,610 |
| Permanently restricted | 80,157 | 79,482 |
| Total net assets | 13,774,709 | 13,822,978 |
| Total liabilities and net assets | \$ 14,459,748 | \$ 15,563,881 |

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

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017
(With Comparative Totals for 2016)

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>2017 Totals</u> | <u>2016 Totals</u> |
|-------------------------------------------------------------|----------------------|-----------------------------------|-----------------------------------|------------------------|------------------------|
| Public support , fees, grants, and revenues: | | | | | |
| Contributions | \$ 975,444 | \$ 758,800 | \$ 675 | \$ 1,734,919 | \$ 1,431,448 |
| In-kind contributions | 216,448 | | -- | 216,448 | 345,995 |
| United Ways | -- | 391,701 | -- | 391,701 | 300,840 |
| Governmental sources | -- | 655,422 | -- | 655,422 | 627,627 |
| Program services | 218,496 | -- | -- | 218,496 | 195,902 |
| Investment returns | 17,300 | -- | -- | 17,300 | 7,186 |
| Events: | | | | | |
| In-kind contributions | 104,000 | -- | -- | 104,000 | 97,376 |
| Other contributions and revenues | 1,035,836 | -- | -- | 1,035,836 | 818,299 |
| Less direct benefit to participants | (186,507) | -- | -- | (186,507) | (194,918) |
| Less direct benefit to participants - in-kind | (104,000) | -- | -- | (104,000) | (97,376) |
| Facility rent | 580 | -- | -- | 580 | 2,503 |
| Miscellaneous income | 5,742 | -- | -- | 5,742 | 11,148 |
| Net assets released from restrictions: | | | | | |
| Time | 275,125 | (275,125) | -- | -- | -- |
| Satisfaction of program restrictions | 2,596,940 | (2,596,940) | -- | -- | -- |
| Total public support, fees, grants, and revenues | <u>5,155,404</u> | <u>(1,066,142)</u> | <u>675</u> | <u>4,089,937</u> | <u>3,546,030</u> |
| Expenses: | | | | | |
| Program services | 3,481,337 | -- | -- | 3,481,337 | 3,492,878 |
| Supporting services: | | | | | |
| Management | 316,280 | -- | -- | 316,280 | 278,161 |
| Fund raising | 340,589 | -- | -- | 340,589 | 299,227 |
| Total supporting services | 656,869 | -- | -- | 656,869 | 577,388 |
| Total expenses | <u>4,138,206</u> | <u>--</u> | <u>--</u> | <u>4,138,206</u> | <u>4,070,266</u> |
| Change in net assets | 1,017,198 | (1,066,142) | 675 | (48,269) | (524,236) |
| Net assets - beginning of year | <u>10,708,886</u> | <u>3,034,610</u> | <u>79,482</u> | <u>13,822,978</u> | <u>14,347,214</u> |
| Net assets - end of year | <u>\$ 11,726,084</u> | <u>\$ 1,968,468</u> | <u>\$ 80,157</u> | <u>\$ 13,774,709</u> | <u>\$ 13,822,978</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, 2017

(With Comparative Totals for 2016)

| | Program | Administrative | Fund Raising | 2017 Totals | 2016 Totals |
|-------------------------------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| Salaries | \$ 1,783,989 | \$ 191,328 | \$ 207,056 | \$ 2,182,373 | \$ 2,042,676 |
| Employee benefits | 107,226 | 24,042 | 23,619 | 154,887 | 178,620 |
| Payroll taxes | 165,687 | 16,736 | 19,943 | 202,366 | 199,307 |
| Special assistance | 197,220 | -- | -- | 197,220 | 154,518 |
| Special assistance - in-kind | 87,904 | -- | -- | 87,904 | 82,787 |
| Scholarships | 5,000 | -- | -- | 5,000 | 11,000 |
| Recognition | 6,479 | 527 | 2,907 | 9,913 | 12,630 |
| Occupancy | 222,925 | 1,960 | 2,513 | 227,398 | 222,959 |
| Equipment maintenance | 49,966 | 528 | 1,592 | 52,086 | 38,219 |
| Telephone | 11,906 | -- | 155 | 12,061 | 12,276 |
| Professional fees | 54,821 | 57,652 | 1,969 | 114,442 | 122,219 |
| In-kind professional fees | 36,000 | 4,000 | -- | 40,000 | 112,247 |
| Transportation | 96,133 | 3,859 | 2,734 | 102,726 | 106,326 |
| Staff development | 12,237 | 974 | 590 | 13,801 | 7,905 |
| Supplies and technology | 108,734 | 11,378 | -- | 120,112 | 122,945 |
| In-kind supplies | 33,139 | 508 | 12,654 | 46,301 | 51,501 |
| Printing | 20,908 | 661 | 38,802 | 60,371 | 50,925 |
| In-kind printing | 275 | -- | -- | 275 | 1,715 |
| Postage | 3,041 | 538 | 2,949 | 6,528 | 5,594 |
| Interest and investment expenses | 1,529 | -- | -- | 1,529 | 1,464 |
| Interest - in-kind | 41,969 | -- | -- | 41,969 | 97,745 |
| Dues and subscriptions | 19,340 | 120 | 1,412 | 20,872 | 19,181 |
| Miscellaneous | 21,416 | 1,469 | 21,694 | 44,579 | 26,975 |
| Total expenses before depreciation | 3,087,844 | 316,280 | 340,589 | 3,744,713 | 3,681,734 |
| Depreciation of building and equipment | 393,493 | -- | -- | 393,493 | 388,532 |
| Total expenses | <u>\$ 3,481,337</u> | <u>\$ 316,280</u> | <u>\$ 340,589</u> | <u>\$ 4,138,206</u> | <u>\$ 4,070,266</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, 2017
(With Comparative Totals for 2016)

| | 2017 Totals | 2016 Totals |
|------------------------------------------------------------------------------------------------|----------------|----------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ (48,269) | \$ (524,236) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 393,493 | 388,532 |
| Return on beneficial interest in assets held by the Community Foundation | (21,501) | (5,417) |
| Increase in cash value of life insurance policy | (12,711) | (11,820) |
| Change in certain assets and liabilities | | |
| Operating promises to give | 638,870 | 1,207,361 |
| Other receivables | (12,938) | 57,846 |
| Grant receivables | 2,035 | 65,756 |
| United Way allocations receivable | (6,927) | (8,863) |
| Prepaid expenses | (12,010) | (2,575) |
| Accounts payable | 16,813 | (729) |
| Accrued expenses | 11,043 | (3,710) |
| Deferred compensation | 12,710 | 11,820 |
| Refundable advances | (26,430) | 20,460 |
| Net cash provided by operating activities | 934,178 | 1,194,425 |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (113,608) | (7,511) |
| Cash flows from financing activities: | | |
| Payment on note payable | (1,070,000) | (1,255,000) |
| Net decrease in cash and temporary investments | (249,430) | (68,086) |
| Cash and temporary investments at beginning of year | 967,817 | 1,035,903 |
| Cash and temporary investments at end of year | \$ 718,387 | \$ 967,817 |

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:

Accounts Receivable

The Organization uses the direct write-off method to provide for uncollectible accounts. There is no material effect on income in using this method rather than the allowance method.

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, 2016, from which the summarized information was derived.

Building and Equipment Depreciation

Furniture, buildings and equipment are carried at cost or at fair value if contributed. Additions and improvements, which extend the useful life of furniture, buildings 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.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

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, 2017, 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 2014.

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. Land, Building, Equipment and Depreciation:

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

| | 2017 | 2016 |
|-------------------------------|--------------|--------------|
| Land | \$ 1,268,383 | \$ 1,243,595 |
| Buildings | 12,121,730 | 12,039,077 |
| Equipment and vehicles | 523,731 | 517,565 |
| | 13,913,844 | 13,800,237 |
| Less accumulated depreciation | 2,314,182 | 1,920,690 |
| Net property and equipment | \$11,599,662 | \$11,879,547 |

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 3. Pledges Receivable:

Pledges receivable at December 31, are as follows:

| | 2017 | 2016 |
|-------------------------------------------|--------------|--------------|
| Receivable in less than one year | \$ 1,030,425 | \$ 1,103,939 |
| Receivable in one to five years | 511,500 | 1,243,996 |
| Total pledges receivable | 1,541,925 | 2,347,935 |
| Less discounts to net present value | 12,080 | 48,587 |
| Less allowances for uncollectible pledges | 76,262 | 206,895 |
| Net pledges receivable at December 31, | \$ 1,453,583 | \$ 2,092,453 |

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

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 2017 or 2016.

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, \$298,829 note payable. The note renewed January 9, 2017, is due in one installment on January 9, 2019, and bears interest at 0%. The note was secured by property of the Organization. Interest of \$41,969 is reported as an in-kind contribution and expense. The interest rate used for the in-kind contribution was 5%.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 6. Restricted Net Assets:

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

| | 2017 | 2016 |
|--------------------------------|--------------|--------------|
| Purpose restrictions: | | |
| STAR Program | \$ 189,036 | \$ -- |
| Literacy Tutoring Program | 62,576 | -- |
| Arts Program | 423 | -- |
| Drama Matters | 110 | -- |
| Keystone - Teen Center | 915 | -- |
| After School Programs | 18,600 | 15,999 |
| Passport to Manhood | -- | 2,000 |
| Educational Assistance fund | 13,794 | 10,000 |
| Megabites Program | 26,199 | -- |
| Career Launch | 10,000 | 15,000 |
| Healthy Habits Food Program | -- | 5,000 |
| STEM Program | -- | 6,667 |
| "Be Great" Capital | 2,954 | 2,954 |
| Triple Play | -- | 2,917 |
| Wisconsin After 3 | -- | 6,000 |
| Summer of Service | -- | 5,831 |
| Boys & Girls Club Little Chute | 89,680 | 131,002 |
| Boys & Girls Club Menasha | 30,000 | 30,000 |
| Campaign for Menasha Youth | 50,864 | 1,121,038 |
| Boys & Girls Club - Manitowoc | 1,987 | -- |
| Operations - Menasha | 1,050,920 | 1,325,920 |
| "Be Great" Operations | 32,000 | 50,000 |
| Time Restrictions: | | |
| United Way Allocation | 313,410 | 304,282 |
| Operations - Appleton | 75,000 | -- |
| | \$ 1,968,468 | \$ 3,034,610 |

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, 2017 and 2016, are as follows:

| | 2017 | | | | |
|----------------------------|------------------|------------------|------------------|--------------------|-------------------|
| | Program | Management | Fundraising | Direct Benefits | Totals |
| Supplies | \$ 33,139 | \$ 507 | \$ 12,654 | \$ -- | \$ 46,300 |
| Participant direct benefit | -- | -- | -- | 104,000 | 104,000 |
| Special assistance | 87,904 | -- | -- | -- | 87,904 |
| Printing | 275 | -- | -- | -- | 275 |
| Professional fees | 36,000 | 4,000 | -- | -- | 40,000 |
| Interest | 41,969 | -- | -- | -- | 41,969 |
| | <u>\$199,287</u> | <u>\$ 4,507</u> | <u>\$ 12,654</u> | <u>\$104,000</u> | <u>\$ 320,448</u> |
| | 2016 | | | | |
| | Program | Management | Fundraising | Direct Benefits | Totals |
| Supplies | \$ 40,501 | \$ 5,170 | \$ 5,830 | \$ -- | \$ 51,501 |
| Participant direct benefit | -- | -- | -- | 97,376 | 97,376 |
| Special assistance | 82,787 | -- | -- | -- | 82,787 |
| Printing | 1,715 | -- | -- | -- | 1,715 |
| Professional fees | 100,744 | 6,503 | 5,000 | -- | 112,247 |
| Interest | 97,745 | -- | -- | -- | 97,745 |
| | <u>\$323,492</u> | <u>\$ 11,673</u> | <u>\$ 10,830</u> | <u>\$ 97,376</u> | <u>\$ 443,371</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 8. 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, 2017, 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 | \$ -- | \$ 113,449 | \$ -- | \$ 113,449 |

Classifications of these funds as of December 31, 2016, 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 | \$ -- | \$ 91,948 | \$ -- | \$ 91,948 |

**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, 2017, the Organization's contributions to the plan were \$37,061, 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 2017, contributions of \$9,684 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. This new facility was opened in June 2015. 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 July 30, 2018, the date on which the financial statements were available to be issued.