

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
**FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2019 AND 2018**

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

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**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of Boys & Girls Club Fox Valley, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 standards 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 audits. 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 and the *Provider Agency Audit Guide*, 2019 revision, issued by the Wisconsin Department of Children and Families. 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 on 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Hawkins Ash CPAs, LLP*

Green Bay, Wisconsin  
June 9, 2020

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

	DECEMBER 31,	
	2019	2018
<u>ASSETS</u>		
Cash	\$ 1,542,922	\$ 754,995
Accounts receivable	39,153	42,047
Unconditional promises to give, net	4,780,470	1,024,538
Grants receivable	148,176	210,883
Prepaid expenses	21,268	27,075
Beneficial interests in Community Foundation	143,009	104,295
Property, plant, and equipment, net	12,379,785	11,309,880
Cash surrender value of life insurance	124,391	109,733
501c Trust unemployment	56,776	45,826
	<b>\$ 19,235,950</b>	<b>\$ 13,629,272</b>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 725,062	\$ 47,477
Deferred revenue	12,166	12,773
Accrued liabilities	163,925	142,300
Refundable advances	110,600	80,433
Deferred compensation	124,391	109,733
Other liabilities	51,900	43,900
	1,188,044	436,616
<u>NET ASSETS</u>		
Without donor restrictions	12,455,400	11,431,923
With donor restrictions	5,592,506	1,760,733
	18,047,906	13,192,656
	<b>\$ 19,235,950</b>	<b>\$ 13,629,272</b>

The accompanying notes are an integral part of these statements.

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
STATEMENTS OF ACTIVITIES

	YEAR ENDED DECEMBER 31,					
	2019			2018		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>REVENUE, GAINS AND OTHER SUPPORT</b>						
Contributions	\$ 2,159,434	\$ 4,667,896	\$ 6,827,330	\$ 433,793	\$ 747,689	\$ 1,181,482
Special events, net of direct benefit to donors of \$228,332 and \$227,427 in 2019 and 2018, respectively	878,732	-	878,732	883,021	-	883,021
In-kind contributions	159,890	-	159,890	205,214	-	205,214
Program revenue	261,070	-	261,070	212,699	-	212,699
Grant revenue	647,263	-	647,263	573,890	-	573,890
United Way	116,654	337,051	453,705	113,946	325,001	438,947
Government sources	704,267	-	704,267	642,723	-	642,723
Change in beneficial interest	17,231	-	17,231	(9,154)	-	(9,154)
Interest income	3,077	-	3,077	2,429	-	2,429
Other income	16,083	-	16,083	11,571	-	11,571
Net assets released from restrictions	1,173,174	(1,173,174)	-	1,360,582	(1,360,582)	-
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<b>6,136,875</b>	<b>3,831,773</b>	<b>9,968,648</b>	<b>4,430,714</b>	<b>(287,892)</b>	<b>4,142,822</b>
<b>EXPENSES</b>						
Program	4,265,306	-	4,265,306	3,854,709	-	3,854,709
Management and general	455,388	-	455,388	443,890	-	443,890
Fundraising	392,704	-	392,704	426,276	-	426,276
<b>TOTAL EXPENSES</b>	<b>5,113,398</b>	<b>-</b>	<b>5,113,398</b>	<b>4,724,875</b>	<b>-</b>	<b>4,724,875</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,023,477</b>	<b>3,831,773</b>	<b>4,855,250</b>	<b>(294,161)</b>	<b>(287,892)</b>	<b>(582,053)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>11,431,923</b>	<b>1,760,733</b>	<b>13,192,656</b>	<b>11,726,084</b>	<b>2,048,625</b>	<b>13,774,709</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 12,455,400</b>	<b>\$ 5,592,506</b>	<b>\$ 18,047,906</b>	<b>\$ 11,431,923</b>	<b>\$ 1,760,733</b>	<b>\$ 13,192,656</b>

The accompanying notes are an integral part of these statements.

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and wages	\$ 2,319,290	\$ 303,905	\$ 217,509	\$ 2,840,704
Payroll taxes	205,169	26,884	19,241	251,294
Employee benefits	172,906	22,657	16,216	211,779
Staff development	20,223	1,925	1,893	24,041
Special assistance	212,395	-	-	212,395
Scholarships	12,000	-	-	12,000
Recognition	5,460	164	1,236	6,860
Occupancy	228,301	2,308	2,331	232,940
Repairs and maintenance	76,820	1,166	704	78,690
Depreciation	389,420	5,387	5,019	399,826
Telephone	17,630	-	139	17,769
Professional fees	104,156	49,567	11,225	164,948
Insurance	39,518	-	509	40,027
Advertising	103	-	5,231	5,334
Travel	132,322	3,568	571	136,461
Supplies	65,116	1,135	5,655	71,906
Technology	50,708	5,900	28,149	84,757
Printing and publications	22,272	173	22,556	45,001
Postage	899	624	4,200	5,723
Dues and subscriptions	32,235	-	907	33,142
Bad debt	-	16,113	-	16,113
Donor expense	-	-	-	-
In-kind	151,630	-	8,260	159,890
Miscellaneous	6,733	13,912	41,153	61,798
<b>TOTAL EXPENSES</b>	<b><u>\$ 4,265,306</u></b>	<b><u>\$ 455,388</u></b>	<b><u>\$ 392,704</u></b>	<b><u>\$ 5,113,398</u></b>

The accompanying notes are an integral part of these statements.

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and wages	\$ 2,096,825	\$ 299,676	\$ 222,633	\$ 2,619,134
Payroll taxes	192,136	27,460	20,400	239,996
Employee benefits	130,145	18,600	13,818	162,563
Staff development	9,532	1,805	914	12,251
Special assistance	168,911	-	212	169,123
Scholarships	9,000	-	-	9,000
Recognition	7,727	495	329	8,551
Occupancy	197,671	2,248	2,430	202,349
Repairs and maintenance	59,322	781	1,160	61,263
Depreciation	389,441	5,406	5,613	400,460
Telephone	14,942	-	165	15,107
Professional fees	82,336	53,250	23,010	158,596
Insurance	38,032	-	209	38,241
Advertising	8,398	-	6,533	14,931
Travel	94,386	3,454	937	98,777
Supplies	74,163	496	4,857	79,516
Technology	36,149	11,151	32,217	79,517
Printing and publications	15,556	444	36,209	52,209
Postage	1,724	637	2,954	5,315
Dues and subscriptions	31,456	74	587	32,117
Bad debt	-	3,642	-	3,642
Donor expense	-	-	314	314
In-kind	190,478	-	14,736	205,214
Miscellaneous	6,379	14,271	36,039	56,689
<b>TOTAL EXPENSES</b>	<b><u>\$ 3,854,709</u></b>	<b><u>\$ 443,890</u></b>	<b><u>\$ 426,276</u></b>	<b><u>\$ 4,724,875</u></b>

The accompanying notes are an integral part of these statements.



**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 4,855,250	\$ (582,053)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	399,826	400,460
Contributions restricted for long-term purposes	(1,335,877)	-
Change in beneficial interest in Community Foundation	(17,231)	9,154
Allowance for uncollectible promises to give	133,065	(32,812)
Discount on unconditional promises to give	164,596	(11,115)
(Increase) decrease in life insurance cash surrender value	(14,658)	(13,665)
Changes in assets and liabilities:		
(Increase) decrease in current assets		
Accounts receivable	2,894	(14,123)
Unconditional promises to give, net	(4,053,593)	784,181
Grants receivable	62,707	(132,521)
Prepaid expenses	5,807	(14,556)
501c Trust unemployment	(10,950)	2,759
Increase (decrease) in current liabilities		
Accounts payable	677,585	(12,339)
Deferred revenue	(607)	12,773
Accrued liabilities	21,625	25,886
Refundable advances	30,167	1,370
Deferred compensation	14,658	13,666
Other liabilities	8,000	9,050
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>943,264</b>	<b>446,115</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant, and equipment	(1,469,731)	(110,678)
Purchase of beneficial interest in Community Foundation	(21,483)	-
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(1,491,214)</b>	<b>(110,678)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	-	(298,829)
Proceeds from contributions restricted for long-term endowment purposes	21,483	-
Proceeds from contributions restricted for capital campaign	1,314,394	-
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>1,335,877</b>	<b>(298,829)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>787,927</b>	<b>36,608</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>754,995</b>	<b>718,387</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 1,542,922</b>	<b>\$ 754,995</b>

The accompanying notes are an integral part of these statements.

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 1 – Nature of Organization and Significant Accounting Policies**

**Nature of Organization** - Boys & Girls Club Fox Valley, Inc. (the “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 operated from its sites in Appleton and Menasha, WI and from seven 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 on the accrual basis of accounting and, accordingly, reflect all receivables, payables and other liabilities.

**Basis of Presentation** - The accompanying financial statements are prepared in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP) as codified by the Financial Accounting Standards Board.

The Organization is required to report information regarding its net assets and its activities based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

*Net Assets With Donor Restrictions* - Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Accounting Pronouncements Adopted** - As of January 1, 2019, the Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Results for reporting year ended December 31, 2019 are presented under FASB ASC Topic 606. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2019 AND 2018

**NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued**

**Accounting Pronouncements Adopted, Continued** - During the year, the Organization also adopted FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958), which clarifies how entities should characterize grants and similar contracts with government agencies and others. It will assist entities in evaluating whether transactions are reciprocal exchange transactions or contributions and if they are conditional or unconditional contributions. The Organization has adjusted the presentation of these statements accordingly. Results for reporting the year ending December 31, 2019 are presented under FASB ASU 2018-08. The comparative information has not been restated and continues to be reported under the accounting standards in effect in those reporting periods. There was no material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

**Cash and Cash Equivalents** - The Organization's cash consists of cash on deposit with banks. For purposes of the statements of cash flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. However, the Organization does not consider cash, money market accounts, or certificates of deposits included as beneficial interest to be cash equivalents for the statements of cash flows. The Organization does not have any cash equivalents as of December 31, 2019 and 2018.

**Accounts and Grants Receivable** - Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge of the valuation allowance and a credit to accounts receivable. Management believes all receivables are collectible; accordingly, no allowance has been recorded.

**Promises to Give** - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of estimated future cash flows. The discounts on those amounts are computed using a nominal interest rate applicable to the year in which the promise is received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Management provides for uncollectible amounts through a provision for uncollectible pledge expense from outstanding balances and an adjustment to a valuation allowance based on its assessment of the current status of individual pledges. Balances that are still outstanding after management used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable.

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2019 AND 2018

**NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued**

**Property, Plant, and Equipment** - All acquisitions of property, plant, and equipment in excess of \$5,000 with useful lives greater than one year are capitalized. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method based on the estimated useful lives:

<u>Asset</u>	<u>Life</u>
Furniture, fixtures and equipment	5 - 8 years
Building improvements	5 - 40 years
Buildings	40 years

Construction in progress costs represent cumulative costs of projects not yet placed in service. No depreciation was taken on these capitalized costs.

**Valuation of Long-lived Assets** - U.S. GAAP requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management reviews all material assets annually for possible impairment. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. No assets are considered to be impaired at December 31, 2019 and 2018.

**Deferred Revenue** - Payments received during the year for future services are deferred and recognized as income when earned.

**Cash Surrender Value of Life Insurance** - The Organization is the policy holder of a life insurance policy. The death value benefit of the policy is \$420,000. Cash value of life insurance is reported on the statements of financial position net of policy loans. There were no loans outstanding as of December 31, 2019 and 2018. Increases in the cash surrender value are recognized in other noninterest income on the Statements of Activities.

**Revenue Recognition** - The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its statements of activities and changes in net assets:

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2019 AND 2018

**NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued**

**Revenue Recognition, Continued** - *Program revenue*: Program revenue includes membership dues, summer program fees, early bird fees, and school year participation fees which are all based on a predetermined fee. The performance obligation for these programs relates to providing services to the members. Memberships are billed annually and recognized at the time of billing. Under ASC 606, these dues should be recognized ratably over the length of the membership and any unearned portion should be included as deferred revenue. However, the membership dues and the portion that would be deferred revenue is immaterial to the financial statements. Summer program fees cover programming provided to Club members over the summer. These fees are recognized at the time of billing. All programs are billed and completed in the same year, therefore the recognition aligns with the performance obligation of providing the programming. Early bird fees allow Club members access before the normal Club hours and are billed monthly. These fees are recognized upon billing as it is not reasonable to allocate the fee over the month the service is provided. Participation fees are billed in September, November, January, and April and cover services provided for the months between each billing, revenue is recognized at the time of billing. Services did not overlap year-end, therefore revenue is recognized in the proper year.

*Special event revenue*: Included in special event revenue are ticket sales, sponsorships, auction sales and contributions received at the event. The portion of ticket sales and sponsorships that relates to the commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met. The contributions received at the event and the auction sales are recognized when received.

**Contribution Recognition** - Contributions are recognized in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Contributions are recognized when received or unconditionally pledged. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**In-Kind Contributions** - The Organization records the value of donated goods when there is an objective basis to measure the value. Donated fundraising items are valued using the final amount received from the sale or raffle of the item. Donated goods are reflected as in-kind contribution revenue and donated fundraising items are included in special event revenue in the accompanying statements of activities.

Donated services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills that are performed by people with those skills and would otherwise be purchased by the Organization. The Organization received donated professional services of \$13,947 and \$49,582 for the years ended December 31, 2019 and 2018, respectively. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution.

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2019 AND 2018

**NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued**

**In-Kind Contributions, Continued** - A substantial number of volunteers have made significant contributions of their time to the Organization's program and supporting services. The value of this contributed time is not reflected in these financial statements because the criteria for recognition have not been satisfied.

**Functional Allocation of Expenses** - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Those expenses include salaries, benefits and payroll taxes, which are allocated based on estimates of time spent on each function based on time studies completed periodically. Other expenses are allocated based on square footage of the building and an estimate of how it is used.

**Advertising Costs** - Advertising costs are expensed as incurred and totaled \$5,334 and \$14,931 for the years ended December 31, 2019 and 2018, respectively.

**Use of Estimates** - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Tax Status** - The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization is also exempt from State taxation.

**Accounting for Uncertainty in Income Taxes** - U.S. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2019 and 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions, however, there are currently no audits in progress for any tax period. The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

**Reclassifications** - Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation of the current year's financial statements.

**Subsequent Events** - The Organization evaluated subsequent events through June 9, 2020, the date which the financial statements were available to be issued.



**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 2 - Concentration of Cash and Credit Risk**

The Organization may have deposits with a financial institution at times during the year that exceed the Federal Deposit Insurance Corporation (FDIC) insurance threshold of \$250,000. The amount of the accounting loss that the Organization would have incurred had the financial institution not been able to return monies in excess of \$250,000 amounted to \$1,068,668 and \$254,119 as of December 31, 2019 and 2018, respectively. The Organization does not require collateral or other security to support deposits subject to this credit risk.

**NOTE 3 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at December 31:

	2019	2018
Cash and cash equivalents	\$ 1,542,922	\$ 754,995
Accounts receivable	39,153	42,047
Unconditional promises to give receivable in		
Less than one year	2,084,779	1,021,953
Grants receivable	148,176	210,883
Beneficial interest in Community Foundation	143,009	104,295
Total financial assets available within one year	\$ 3,958,039	\$ 2,134,173
Less:		
Amounts unavailable for general expenditures within		
One year, due to:		
Restricted by donors with purpose restrictions	2,158,620	1,258,730
Board designated endowment	42,483	24,138
<b>Total Financial Assets Available for General Expenditure within One Year</b>	<b>\$ 1,756,936</b>	<b>\$ 851,305</b>

*Liquidity Management*

The Organization regularly monitors liquidity required to meet its operating needs. Currently it utilizes cash contributions without donor restrictions, program revenue, and grants along with donor restricted contributions from capital campaign monies to meet annual operational expenses. The annual budget identifies these sources and the CEO along with the Finance Director identifies when and how much is transferred from donor restricted monies. Currently a line of credit is not held.

To help manage unanticipated liquidity needs, the Organization has board designated net assets without donor restrictions that, while the Organization does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2019 AND 2018

**NOTE 4 - Unconditional Promises to Give**

The Organization held a capital campaign to raise funds for the Boys & Girls Club of Menasha facility and operations. Promises to give were restricted to payment of the costs of facility and continued operations. In 2019, the Organization began their Great Futures 2020 capital campaign. Promises to give are restricted for payment of enhancing services, reaching more youth in need, and expanding and updating Appleton and Menasha facilities. The Organization also holds an annual campaign for operations, which are not restricted. The aggregate collections of promises to give are as follows at December 31:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 2,084,779	\$ 1,021,953
Receivables in one to five years	<u>3,037,767</u>	<u>47,000</u>
Total unconditional promises to give	5,122,546	1,068,953
Less: Allowance for unconditional promises to give	176,515	43,450
Less: Discount to net present value	<u>165,561</u>	<u>965</u>
<b>NET UNCONDITIONAL PROMISES TO GIVE</b>	<b><u>\$ 4,780,470</u></b>	<b><u>\$ 1,024,538</u></b>

A discount rate of 1.69% and 4.00% was used at December 31, 2019 and 2018, respectively on promises to give receivable in more than one year.

The provision for the allowance for uncollectible promises to give relating to the unconditional promises to give for the years ended December 31, 2019 and 2018 was \$176,515 and \$43,450, respectively.

**NOTE 5 – Property, Plant, and Equipment**

A summary of property and equipment is as follows as of December 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 1,519,738	\$ 1,362,621
Buildings and improvements	12,197,034	12,078,177
Furniture and fixtures	543,838	531,278
Leasehold improvements	52,448	52,448
Construction in progress	<u>1,181,196</u>	<u>-</u>
	15,494,254	14,024,524
Less: Accumulated depreciation	<u>3,114,469</u>	<u>2,714,644</u>
<b>NET PROPERTY AND EQUIPMENT</b>	<b><u>\$12,379,785</u></b>	<b><u>\$11,309,880</u></b>

Depreciation expense amounted to \$399,826 and \$400,460 for the years ended December 31, 2019 and 2018, respectively.

**NOTE 6 - Beneficial Interest in Community Foundation**

The Organization holds a beneficial interest in assets held by the Community Foundation for the Fox Valley Region (Foundation). The balance of the funds was \$143,009 and \$104,295 as of December 31, 2019 and 2018, respectively.



**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2019 AND 2018

**NOTE 6 - Beneficial Interest in Community Foundation - Continued**

The Foundation is to distribute the funds to the Organization as the Organization requests the funds. The Foundation has variance power over the funds. The Foundation has power to modify any restriction or condition on the distribution of funds, if, in their sole judgment, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or becomes inconsistent with the charitable needs of the Organization, or the Foundation. The beneficial interest is recognized in the accompanying statements of financial position and is valued at the fair market value.

**NOTE 7 - Unemployment Reserve**

The Organization is self-funded for state unemployment compensation purposes. In accordance with state regulations, cash on deposit totaling \$56,776 and \$45,826 at December 31, 2019 and 2018, respectively, is used as collateral in lieu of paying state unemployment taxes.

**NOTE 8 - Fair Value Measurements**

The Organization has determined the fair value of certain assets and liabilities in accordance with the provision of U.S. GAAP, which provides a framework for measuring fair value under generally accepted accounting principles.

U.S. GAAP defines fair value as the exchange price that would be received for an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. U.S. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. U.S. GAAP also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets that the reporting organization has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset. Level 3 inputs are unobservable inputs related to the asset.

The asset's fair value measurement within the fair value hierarchy is based on the lowest of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

*Beneficial interest in Community Foundation:* Investments held with a community foundation are valued at fair value based on the closing price for securities listed on a securities exchange, the closing bid or asking price for over-the-counter securities not listed on a securities exchange, or at cost or obtained from an independent pricing service for securities not listed or traded on any exchange or on the over-the-counter market. The custodian of the investments in the community foundation also has the ability to determine the fair value of securities not listed or traded on any exchange or on the over-the-counter market based on available information.

The method described above may produce a fair value calculation that may be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2019 AND 2018

**NOTE 8 - Fair Value Measurements - Continued**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value on a recurring basis as of December 31, 2019 and 2018.

	DECEMBER 31, 2019	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Beneficial interest in Community Foundation	\$ 143,009	\$ -	\$ -	\$ 143,009
<b>TOTALS</b>	<b>\$ 143,009</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 143,009</b>

	DECEMBER 31, 2018	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
Beneficial interest in Community Foundation	\$ 104,295	\$ -	\$ -	\$ 104,295
<b>TOTALS</b>	<b>\$ 104,295</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 104,295</b>

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

Beneficial interest in Community Foundation

	2019	2018
Balance, beginning of year	\$ 104,295	\$ 113,449
Contributions	21,483	-
Investment income, net of fees	1,045	557
Realized gains (losses)	2,894	3,400
Unrealized gains (losses)	13,292	(13,111)
Balance, end of year	<u>\$ 143,009</u>	<u>\$ 104,295</u>

**NOTE 9 - Long-Term Debt**

The Organization renewed a note payable at Community First Credit Union on January 9, 2017 due in one payment on January 9, 2019. The interest rate on the note was 0%. The note was paid off during 2018. Interest of \$0 and \$11,328 is reported as an in-kind contribution as of December 31, 2019 and 2018, based on an interest rate of 5%.

**NOTE 10 - Net Assets**

Included in net assets without donor restrictions are amounts designated by the board for a quasi-endowment of \$42,483 and \$24,138 for each of the years ended December 31, 2019 and 2018, respectively.

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2019 AND 2018

**NOTE 10 - Net Assets - Continued**

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
STAR Program	\$ 585,531	\$ 210,684
Literacy Tutoring Program	71,393	72,852
After School Programs	12,000	-
Educational Assistance Fund	17,541	16,040
Megabites Program	-	15,201
Career Launch	3,307	-
Boys & Girls Club - Little Chute	-	50,000
Campaign for Menasha youth	417,319	756,699
Boys & Girls Club - Manitowoc	-	4,057
Summer Programs	35,000	35,000
Project Learn	22,830	35,000
Smart Girls	-	25,000
Little Chute Elementary School	40,000	-
Urgent Needs	2,500	-
"Great Futures 2020" Campaign	3,882,845	-
Other	4,481	4,540
	<u>5,094,747</u>	<u>1,225,073</u>
Subject to the passage of time:		
"Be Great" Campaign	-	1,800
Operating pledges	60,182	128,202
United Way	337,051	325,001
	<u>397,233</u>	<u>455,003</u>
Endowments		
Amount required to be held in perpetuity	<u>100,526</u>	<u>80,657</u>
<b>TOTAL NET ASETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 5,592,506</u></b>	<b><u>\$ 1,760,733</u></b>

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2019 AND 2018

**NOTE 10 - Net Assets - Continued**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Expiration of time restrictions	\$ 394,821	\$ 346,564
Satisfaction of purpose restrictions		
STAR Program	200,154	286,009
Literacy Tutoring Program	72,852	81,478
After School Programs	-	18,600
Educational Assistance Fund	13,500	12,753
Megabites Program	15,200	25,999
Career Launch	-	10,000
Boys & Girls Club - Little Chute	50,000	89,680
Boys & Girls Club - Menasha	-	30,000
Campaign for Menasha youth	339,380	345,086
Boys & Girls Club – Manitowoc	4,057	662
Operations – Appleton	-	75,000
Project Learn	22,170	7,500
Smart Girls	25,000	25,000
Summer Programs	35,000	-
Other	1,040	6,251
<b>TOTAL RESTRICTIONS RELEASED</b>	<b><u>\$ 1,173,174</u></b>	<b><u>\$ 1,360,582</u></b>

**NOTE 11 - Endowment Funds**

The Boys & Girls Club Fox Valley, Inc.'s endowment fund consists of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence of or absence of donor-imposed restrictions.

**Interpretation of the Law** - The Board of Directors of the Organization has interpreted the Wisconsin Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent any explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 11 - Endowment Funds - Continued**

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

**Investing Policy** – The Board of Directors has established an investment policy to ensure compliance with investment practices that preserve principal, ensure liquidity sufficient to meet the Organization's needs and maintain the purchasing power of the investment assets. Risk is present in all types of securities and investment styles, and the Board of Directors recognizes some risk is necessary to produce long-term investment results. However, reasonable effort is made to control risk.

**Spending Policy** – Distributions from endowment funds held at the Community Foundation shall be made in accordance with the Community Foundation's distribution policy. The Organization does not have a formal spending policy for the endowment fund.

**Endowment Net Asset Composition by Type of Fund as of December 31, 2019:**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Without donor restrictions endowment funds:	\$ 25,252	\$ -	\$ 25,252
Donor-restricted endowment funds:			
Original donor-restricted gift and amounts required to be maintained in perpetuity by donors	-	100,526	100,526
Accumulated investment gains	<u>17,231</u>	<u>-</u>	<u>17,231</u>
<b>TOTAL</b>	<b><u>\$ 42,483</u></b>	<b><u>\$ 100,526</u></b>	<b><u>\$ 143,009</u></b>

**Endowment Net Asset Composition by Type of Fund as of December 31, 2018:**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Without donor restrictions endowment funds:	\$ 24,138	\$ -	\$ 24,138
Donor-restricted endowment funds:			
Original donor-restricted gift and amounts required to be maintained in perpetuity by donors	-	80,657	80,657
Accumulated investment gains	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL</b>	<b><u>\$ 24,138</u></b>	<b><u>\$ 80,657</u></b>	<b><u>\$ 104,795</u></b>

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2019 AND 2018

**NOTE 11 - Endowment Funds - Continued**

**Funds with Deficiencies** - From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration (underwater endowments). In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. The deficiencies may result from unfavorable market fluctuations that have occurred. The Organization did not have any such deficiency as of December 31, 2019 and 2018.

*Changes in Endowment Net Assets for the Year Ended December 31, 2019:*

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 24,138	\$ 80,657	\$ 104,795
Investment return, net	17,231	-	17,231
Contributions	1,114	19,869	20,983
Appropriation of endowment assets pursuant To spending-rate policy	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u><b>\$ 42,483</b></u>	<u><b>\$ 100,526</b></u>	<u><b>\$ 143,009</b></u>

*Changes in Endowment Net Assets for the Year Ended December 31, 2018:*

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 33,292	\$ 80,157	\$ 113,449
Investment return, net	(9,154)	-	(9,154)
Contributions	-	500	500
Appropriation of endowment assets pursuant To spending-rate policy	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u><b>\$ 24,138</b></u>	<u><b>\$ 80,657</b></u>	<u><b>\$ 104,795</b></u>

**NOTE 12 - Defined Contribution Pension Plan**

The Organization sponsors a defined contribution pension plan covering substantially all employees that have completed one year of service, 1,000 hours of service in either their first year or subsequent years and are at least 18 years of age. The plan allows employees to defer a portion of their salary. The Organization may make a matching contribution up to 4% of employee wages. During 2019 and 2018, employer contributions were \$44,446 and \$36,626, respectively.

**NOTE 13 - In-Kind Contributions**

The value of donated goods and services included as in-kind contributions in the financial statements and the corresponding expenses or assets are as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Professional fees	\$ 13,947	\$ 49,582
Supplies	19,675	16,485
Equipment	6,300	24,888
Program assistance	116,318	102,630
Interest expense	-	11,328
Other	3,650	301
<b>TOTAL IN-KIND CONTRIBUTIONS</b>	<u><b>\$ 159,890</b></u>	<u><b>\$ 205,214</b></u>

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 14 - Conditional Promises to Give**

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Conditional promises to give at December 31, 2019 and 2018 consist of the following and are not included on the statement of activities:

	2019	2018
Contribution subject to interim reports, evaluations, site visits, and other information requested by the donor	\$ 240,000	\$ 632,500
<b>TOTAL CONDITIONAL PROMISES TO GIVE</b>	<b><u>\$ 240,000</u></b>	<b><u>\$ 632,500</u></b>

**NOTE 15 - Risks and Uncertainties**

The Organization's investments are exposed to various risks, such as interest rate, and market and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the values of investments, it is reasonably possible that changes in risks in the near term could materially affect the amounts reported in the statements of financial position and the statements of activities.

**NOTE 16 - Related Party Transactions**

The Organization conducts business with several companies that are affiliated with or owned by Board members, directly or indirectly. Items purchased are priced at competitive rates.

All board members have the role of ensuring club resources and do this with personal or corporate contributions. At December 31, 2019 and 2018, \$2,317,074 and \$450,020 of contributions were received from board members or their connections.

**NOTE 17 - Commitments**

On October 18, 2019, the Board of Directors approved entering into a construction agreement for the Menasha location expansion and the Appleton location playground for a total cost of \$3,900,000. Construction began in November 2019. As of December 31, 2019, \$1,342,244 of work was completed and \$652,033 was in accounts payable.

**NOTE 18 - Subsequent Events**

In February 2020, the Organization signed a note payable with a principal amount of \$4,000,000. The note has an interest rate of 0% and calls for one principal payment when the note matures in February 2022.

Subsequent to year-end, the Organization has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Organization's financial position is not known.

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2019 AND 2018

**NOTE 18 - Subsequent Events - Continued**

The Organization applied for and was granted a loan under the Payroll Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The loan accrues interest, but payments are not required to begin for six months to one year after the funding of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization intends to take measures to maximize the loan forgiveness but cannot reasonably determine the portion of the loan that will ultimately be forgiven.