

BOYS & GIRLS CLUB FOX VALLEY, INC.
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2021 AND 2020

This page is left blank intentionally.

BOYS & GIRLS CLUB FOX VALLEY, INC.

TABLE OF CONTENTS

DECEMBER 31, 2021 AND 2020

Page

2 - 3 Independent Auditors' Report

FINANCIAL STATEMENTS

4 Statements of Financial Position

5 Statements of Activities

6 - 7 Statements of Functional Expenses

8 Statements of Cash Flows

9 - 23 Notes to Financial Statements

This page is left blank intentionally.

INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys & Girls Club Fox Valley, Inc. as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Boys & Girls Club Fox Valley, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys & Girls Club Fox Valley, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance

and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Boys & Girls Club Fox Valley, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys & Girls Club Fox Valley, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Hankins Ash CPAs, LLP

Green Bay, Wisconsin
May 24, 2022

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

| | DECEMBER 31, | |
|---|----------------------|----------------------|
| | 2021 | 2020 |
| <u>ASSETS</u> | | |
| Cash and cash equivalents | \$ 5,263,698 | \$ 4,363,794 |
| Accounts receivable | 30,480 | 28,718 |
| Unconditional promises to give, net | 3,979,200 | 4,895,460 |
| Grants receivable | 599,161 | 245,989 |
| Prepaid expenses | 70,923 | 19,132 |
| Beneficial interest in Community Foundation | 201,197 | 181,157 |
| Property and equipment, net | 15,681,467 | 15,689,631 |
| Cash surrender value of life insurance | 156,658 | 140,013 |
| 501c Trust unemployment | 34,158 | 24,965 |
| Other assets | 10,737 | - |
| | \$ 26,027,679 | \$ 25,588,859 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| LIABILITIES | | |
| Accounts payable | \$ 48,592 | \$ 221,382 |
| Deferred revenue | 7,974 | 12,756 |
| Accrued liabilities | 230,965 | 185,977 |
| Refundable advances | 195,353 | 682,842 |
| Note payable | 2,500,000 | 4,000,000 |
| Deferred compensation | 156,658 | 140,013 |
| Other liabilities | 62,500 | 56,650 |
| | 3,202,042 | 5,299,620 |
| NET ASSETS | | |
| Without donor restrictions | 16,650,892 | 14,421,720 |
| With donor restrictions | 6,174,745 | 5,867,519 |
| | 22,825,637 | 20,289,239 |
| TOTAL NET ASSETS | \$ 26,027,679 | \$ 25,588,859 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 26,027,679 | \$ 25,588,859 |

The accompanying notes are an integral part of these statements.

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

YEAR ENDED DECEMBER 31,

| | 2021 | | | 2020 | | |
|---|-------------------------------|----------------------------|----------------------|-------------------------------|----------------------------|----------------------|
| | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL |
| REVENUE, GAINS AND OTHER SUPPORT | | | | | | |
| Contributions | \$ 980,712 | \$ 3,166,804 | \$ 4,147,516 | \$ 1,129,900 | \$ 3,436,915 | \$ 4,566,815 |
| Special events | 459,900 | - | 459,900 | 807,815 | - | 807,815 |
| In-kind contributions | 334,312 | - | 334,312 | 300,392 | - | 300,392 |
| Program revenue | 131,935 | - | 131,935 | 172,908 | - | 172,908 |
| Grant revenue | 733,763 | - | 733,763 | 635,793 | - | 635,793 |
| United Way | 3,623 | 406,927 | 410,550 | 2,281 | 318,513 | 320,794 |
| Government sources | 3,185,581 | - | 3,185,581 | 1,081,730 | - | 1,081,730 |
| Change in beneficial interest | 20,040 | - | 20,040 | 13,124 | - | 13,124 |
| Interest income | 6,609 | - | 6,609 | 3,930 | - | 3,930 |
| Other income | 30,647 | - | 30,647 | 29,716 | - | 29,716 |
| Net assets released from restrictions | 3,266,505 | (3,266,505) | - | 3,480,415 | (3,480,415) | - |
| TOTAL REVENUE, GAINS AND OTHER SUPPORT | 9,153,627 | 307,226 | 9,460,853 | 7,658,004 | 275,013 | 7,933,017 |
| EXPENSES | | | | | | |
| Program | 5,635,699 | - | 5,635,699 | 4,527,636 | - | 4,527,636 |
| Management and general | 799,590 | - | 799,590 | 659,078 | - | 659,078 |
| Fundraising | 489,166 | - | 489,166 | 504,970 | - | 504,970 |
| TOTAL EXPENSES | 6,924,455 | - | 6,924,455 | 5,691,684 | - | 5,691,684 |
| CHANGE IN NET ASSETS | 2,229,172 | 307,226 | 2,536,398 | 1,966,320 | 275,013 | 2,241,333 |
| NET ASSETS AT BEGINNING OF YEAR | 14,421,720 | 5,867,519 | 20,289,239 | 12,455,400 | 5,592,506 | 18,047,906 |
| NET ASSETS AT END OF YEAR | \$ 16,650,892 | \$ 6,174,745 | \$ 22,825,637 | \$ 14,421,720 | \$ 5,867,519 | \$ 20,289,239 |

The accompanying notes are an integral part of these statements.

BOYS & GIRLS CLUB FOX VALLEY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

| | <u>PROGRAM</u> | <u>MANAGEMENT AND GENERAL</u> | <u>FUNDRAISING</u> | <u>TOTAL</u> |
|---------------------------|----------------------------|-----------------------------------|--------------------------|----------------------------|
| Salaries and wages | \$ 2,814,462 | \$ 467,909 | \$ 284,041 | \$ 3,566,412 |
| Payroll taxes | 239,440 | 39,807 | 24,165 | 303,412 |
| Employee benefits | 249,005 | 41,398 | 25,130 | 315,533 |
| Staff development | 8,487 | 225 | 300 | 9,012 |
| Special assistance | 194,611 | - | - | 194,611 |
| Scholarships | 8,500 | - | - | 8,500 |
| Recognition | 8,969 | 140 | 518 | 9,627 |
| Rent | 27,500 | - | - | 27,500 |
| Occupancy | 273,135 | 6,848 | 4,119 | 284,102 |
| Repairs and maintenance | 137,396 | 613 | 487 | 138,496 |
| Depreciation | 583,696 | 26,093 | 19,519 | 629,308 |
| Telephone | 20,351 | - | 217 | 20,568 |
| Professional fees | 178,212 | 18,000 | 7,250 | 203,462 |
| Subrecipient payments | 398,317 | - | - | 398,317 |
| Insurance | 50,597 | - | 912 | 51,509 |
| Advertising | 1,018 | - | 6,416 | 7,434 |
| Travel | 27,502 | 958 | 207 | 28,667 |
| Supplies | 126,917 | 1,308 | 10,474 | 138,699 |
| Technology | 123,531 | 39,196 | 12,421 | 175,148 |
| Printing and publications | 34,276 | 610 | 10,473 | 45,359 |
| Postage | 505 | 958 | 4,341 | 5,804 |
| Dues and subscriptions | 34,993 | 37 | 980 | 36,010 |
| Bad debt | - | 10,392 | - | 10,392 |
| Special events | - | - | 30,980 | 30,980 |
| In-kind | 72,210 | 121,534 | 29,536 | 223,280 |
| Miscellaneous | 22,069 | 23,564 | 16,680 | 62,313 |
| TOTAL EXPENSES | <u>\$ 5,635,699</u> | <u>\$ 799,590</u> | <u>\$ 489,166</u> | <u>\$ 6,924,455</u> |

The accompanying notes are an integral part of these statements.

BOYS & GIRLS CLUB FOX VALLEY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

| | <u>PROGRAM</u> | <u>MANAGEMENT AND GENERAL</u> | <u>FUNDRAISING</u> | <u>TOTAL</u> |
|---------------------------|----------------------------|-----------------------------------|--------------------------|----------------------------|
| Salaries and wages | \$ 2,461,899 | \$ 378,244 | \$ 283,491 | \$ 3,123,634 |
| Payroll taxes | 216,217 | 33,219 | 24,898 | 274,334 |
| Employee benefits | 229,911 | 35,323 | 26,475 | 291,709 |
| Staff development | 10,554 | 120 | - | 10,674 |
| Special assistance | 289,954 | - | - | 289,954 |
| Scholarships | 2,000 | - | - | 2,000 |
| Recognition | 3,909 | - | 13,770 | 17,679 |
| Rent | - | - | - | - |
| Occupancy | 247,035 | 2,080 | 2,352 | 251,467 |
| Repairs and maintenance | 64,280 | 280 | 538 | 65,098 |
| Depreciation | 425,479 | 14,603 | 13,607 | 453,689 |
| Telephone | 18,536 | - | 153 | 18,689 |
| Professional fees | 20,847 | 37,150 | 6,795 | 64,792 |
| Subrecipient payments | 89,877 | - | - | 89,877 |
| Insurance | 44,737 | - | 578 | 45,315 |
| Advertising | 1,956 | - | 5,770 | 7,726 |
| Travel | 17,261 | 295 | 1,320 | 18,876 |
| Supplies | 75,790 | 723 | 32,641 | 109,154 |
| Technology | 68,416 | 21,560 | 21,082 | 111,058 |
| Printing and publications | 11,542 | 329 | 17,480 | 29,351 |
| Postage | 1,353 | 757 | 2,017 | 4,127 |
| Dues and subscriptions | 32,801 | 54 | 592 | 33,447 |
| Bad debt | - | 13,733 | - | 13,733 |
| Special events | - | - | 22,189 | 22,189 |
| In-kind | 171,893 | 110,891 | 17,610 | 300,394 |
| Miscellaneous | 21,389 | 9,717 | 11,612 | 42,718 |
| TOTAL EXPENSES | <u>\$ 4,527,636</u> | <u>\$ 659,078</u> | <u>\$ 504,970</u> | <u>\$ 5,691,684</u> |

The accompanying notes are an integral part of these statements.

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

| | YEAR ENDED DECEMBER 31, | |
|--|----------------------------|----------------------------|
| | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 2,536,398 | \$ 2,241,333 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities | | |
| Depreciation | 629,308 | 453,689 |
| Contributions restricted for long-term purposes | (2,127,095) | (1,656,240) |
| Change in beneficial interest in Community Foundation | (20,040) | (13,124) |
| Allowance for uncollectible promises to give | (44,626) | 15,227 |
| Discount on unconditional promises to give | 20,897 | (122,979) |
| (Increase) decrease in life insurance cash surrender value | (16,645) | (15,622) |
| Changes in assets and liabilities: | | |
| (Increase) decrease in current assets | | |
| Accounts receivable | (1,762) | 10,435 |
| Unconditional promises to give, net | 939,989 | (7,238) |
| Grants receivable | (353,172) | (97,813) |
| Prepaid expenses | (51,791) | 2,136 |
| 501c Trust unemployment | (9,193) | 31,811 |
| Other assets | (10,737) | - |
| Increase (decrease) in current liabilities | | |
| Accounts payable | (172,790) | (503,680) |
| Deferred revenue | (4,782) | 590 |
| Accrued liabilities | 44,988 | 22,052 |
| Refundable advances | (487,489) | 572,242 |
| Deferred compensation | 16,645 | 15,622 |
| Other liabilities | 5,850 | 4,750 |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | <u>893,953</u> | <u>953,191</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (621,144) | (3,763,535) |
| Purchase of beneficial interest in Community Foundation | - | (25,024) |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | <u>(621,144)</u> | <u>(3,788,559)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from note payable | - | 4,000,000 |
| Principal payments on note payable | (1,500,000) | - |
| Proceeds from contributions restricted for long-term endowment purposes | 250 | 25,024 |
| Proceeds from contributions restricted for capital campaign | 2,126,845 | 1,631,216 |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | <u>627,095</u> | <u>5,656,240</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 899,904 | 2,820,872 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>4,363,794</u> | <u>1,542,922</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 5,263,698</u> | <u>\$ 4,363,794</u> |

The accompanying notes are an integral part of these statements.

BOYS & GIRLS CLUB FOX VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 operates 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.

Recent Accounting Pronouncements - In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases* (Topic 842) effective for annual reporting periods beginning after December 15, 2019. ASU 2020-05 subsequently deferred the effective date for ASU 2016-02 until annual reporting periods beginning after December 15, 2021. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP, which requires only capital leases to be recognized on the statements of financial position, the new ASU will require both types of leases to be recognized on the statements of financial position. The ASU will also require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements providing additional information about the amounts recorded in the financial statements. The Organization is currently evaluating the impact this guidance will have on the financial statements.

BOYS & GIRLS CLUB FOX VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021 AND 2020

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

In September 2020, the FASB issued Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) effective for annual reporting periods beginning after June 15, 2021. Under the new guidance, gifts-in-kind will be required to be presented as a separate line items on the statements of activities and additional disclosures will be required. The Organization is currently evaluating the impact this guidance will have on the financial statements.

Cash and Cash Equivalents - The Organization's cash and cash equivalents 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.

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 unconditional promises to give.

Property and Equipment - All acquisitions of property 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 |

BOYS & GIRLS CLUB FOX VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021 AND 2020

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

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, 2021 and 2020.

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, 2021 and 2020. Increases in the cash surrender value are recognized in other income on the statements of activities. As of December 31, 2021 and 2020, the cash surrender value of the policy was \$156,658 and \$140,013, respectively.

Revenue Recognition - The Organization records the following exchange transaction revenue in its statements of activities and changes in net assets:

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 when received or unconditionally pledged. Conditional contributions and promises to give, are recognized as revenue when the barriers to entitlement are overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets is removed. 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.

BOYS & GIRLS CLUB FOX VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021 AND 2020

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

Contributions restricted by donors are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. Contributions that are not restricted by the donor are reported as an increase in net assets without donor 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.

Grant Recognition - Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant awards that are contributions – Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant awards that are exchange transactions – Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

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 \$0 and \$7,640 for the years ended December 31, 2021 and 2020, 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.

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 \$7,434 and \$7,726 for the years ended December 31, 2021 and 2020, respectively.

BOYS & GIRLS CLUB FOX VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021 AND 2020

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

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, 2021 and 2020, 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 May 24, 2022, the date which the financial statements were available to be issued.

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 \$5,124,966 and \$3,757,068 as of December 31, 2021 and 2020, respectively. The Organization does not require collateral or other security to support deposits subject to this credit risk.

BOYS & GIRLS CLUB FOX VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021 AND 2020

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 statement of financial position date, comprise the following at December 31:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Cash and cash equivalents | \$ 5,263,698 | \$ 4,363,794 |
| Accounts receivable | 30,480 | 28,718 |
| Unconditional promises to give receivable in less than one year | 2,127,577 | 2,073,679 |
| Grants receivable | 599,161 | 245,989 |
| Beneficial interest in Community Foundation | <u>201,197</u> | <u>181,157</u> |
| Total financial assets available within one year | \$ 8,222,113 | \$ 6,893,337 |
| Less: Amounts unavailable for general expenditures within one year, due to: | | |
| Restricted by donors with purpose restrictions | 4,112,526 | 2,382,169 |
| Board designated endowment | <u>75,647</u> | <u>55,607</u> |
| Total financial assets available for general expenditure within one year | <u>\$ 4,033,940</u> | <u>\$ 4,455,561</u> |

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.

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. In 2021, the Organization did a campaign for the Manitowoc location. Promises to give are restricted for the costs related to opening and operating a Club in Manitowoc. The Organization also holds an annual campaign for operations, which are not restricted.

BOYS & GIRLS CLUB FOX VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021 AND 2020

NOTE 4 - Unconditional Promises to Give - Continued

The aggregate collections of promises to give are as follows at December 31:

| | <u>2021</u> | <u>2020</u> |
|--|----------------------------|----------------------------|
| Receivable in less than one year | \$ 2,127,577 | \$ 2,073,679 |
| Receivables in one to five years | <u>2,062,218</u> | <u>3,056,105</u> |
| Total unconditional promises to give | 4,189,795 | 5,129,784 |
| Less: Allowance for unconditional promises to give | 147,116 | 191,742 |
| Less: Discount to net present value | <u>63,479</u> | <u>42,582</u> |
| NET UNCONDITIONAL PROMISES TO GIVE | <u>\$ 3,979,200</u> | <u>\$ 4,895,460</u> |

A discount rate of 1.26% and 0.48% was used at December 31, 2021 and 2020, 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, 2021 and 2020 was \$147,116 and \$191,742, respectively.

NOTE 5 - Property and Equipment

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

| | <u>2021</u> | <u>2020</u> |
|-----------------------------------|----------------------------|----------------------------|
| Land | \$ 1,691,607 | \$ 1,691,607 |
| Buildings and improvements | 17,074,521 | 16,490,572 |
| Furniture and fixtures | 1,060,355 | 1,023,162 |
| Leasehold improvements | <u>52,448</u> | <u>52,448</u> |
| | 19,878,931 | 19,257,789 |
| Less: Accumulated depreciation | <u>4,197,464</u> | <u>3,568,158</u> |
| NET PROPERTY AND EQUIPMENT | <u>\$15,681,467</u> | <u>\$15,689,631</u> |

Depreciation expense amounted to \$629,308 and \$453,689 for the years ended December 31, 2021 and 2020, 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 \$201,197 and \$181,157 as of December 31, 2021 and 2020, respectively.

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.

BOYS & GIRLS CLUB FOX VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021 AND 2020

NOTE 7 - Unemployment Reserve

The Organization is self-funded for state unemployment compensation purposes. In accordance with state regulations, cash on deposit totaling \$34,158 and \$24,965 at December 31, 2021 and 2020, 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, 2021 and 2020.

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, 2021 AND 2020

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, 2021 and 2020.

| | DECEMBER 31, 2021 | 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 | \$ 201,197 | \$ - | \$ - | \$ 201,197 |
| TOTALS | \$ 201,197 | \$ - | \$ - | \$ 201,197 |

| | DECEMBER 31, 2020 | 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 | \$ 181,157 | \$ - | \$ - | \$ 181,157 |
| TOTALS | \$ 181,157 | \$ - | \$ - | \$ 181,157 |

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

Beneficial interest in Community Foundation

| | 2021 | 2020 |
|-------------------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 181,157 | \$ 143,009 |
| Contributions | - | 25,024 |
| Change in beneficial interest | 20,040 | 13,124 |
| Balance, end of year | <u>\$ 201,197</u> | <u>\$ 181,157</u> |

NOTE 9 - Note Payable

The Organization signed a \$4,000,000 note payable at Community First Credit Union in February 2020 due in one payment in February 2022. The Organization made a pre-payment of \$1,500,000 during 2021. The interest rate on the note is 0%. Interest of \$121,543 and \$110,891 is reported as an in-kind contribution as of December 31, 2021 and 2020, based on an interest rate of 4%. The outstanding balance on the note was \$2,500,000 and \$4,000,000 as of December 31, 2021 and 2020, respectively.

In February 2022, the Organization refinanced the note payable for \$2,500,000. The interest rate on the note is 0%. The note is due in one principal payment in February 2024.

NOTE 10 - Net Assets

Included in net assets without donor restrictions are amounts designated by the board for a quasi-endowment of \$75,647 and \$55,607 for each of the years ended December 31, 2021 and 2020, respectively.

BOYS & GIRLS CLUB FOX VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021 AND 2020

NOTE 10 - Net Assets - Continued

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

| | <u>2021</u> | <u>2020</u> |
|---|----------------------------|----------------------------|
| Subject to expenditure for specified purpose: | | |
| STAR Program | \$ 285,450 | \$ 381,839 |
| Literacy Tutoring Program | 37,500 | 58,951 |
| Educational Assistance Fund | 25,681 | 20,750 |
| Career Launch | 16,849 | 9,935 |
| Campaign for Menasha youth | 407,178 | 412,178 |
| Summer Programs | - | 35,000 |
| Project Learn | - | 2,056 |
| Smart Girls | - | 20,000 |
| Little Chute Elementary School | 26,307 | 37,500 |
| Urgent Needs | 8,645 | 2,035 |
| Center for Grieving Children | 8,168 | 9,000 |
| Youth enrichment & behavioral health | 35,353 | - |
| Menasha club building maintenance | 30,605 | - |
| “Great Futures 2020” Campaign | 3,277,624 | 4,319,214 |
| Manitowoc Club | 1,301,302 | - |
| Other | 8,421 | 4,016 |
| | <u>6,048,695</u> | <u>5,312,474</u> |
| Subject to the passage of time: | | |
| Operating pledges | 169,684 | 110,733 |
| United Way | 406,927 | 318,513 |
| | <u>576,611</u> | <u>429,246</u> |
| Endowments | | |
| Amount required to be held in perpetuity | <u>126,049</u> | <u>125,799</u> |
| TOTAL NET ASSETS WITH DONOR RESTRICTIONS | <u>\$ 6,174,745</u> | <u>\$ 5,867,519</u> |

BOYS & GIRLS CLUB FOX VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021 AND 2020

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:

| | <u>2021</u> | <u>2020</u> |
|--------------------------------------|----------------------------|----------------------------|
| Expiration of time restrictions | \$ 429,246 | \$ 337,051 |
| Satisfaction of purpose restrictions | | |
| STAR Program | 333,843 | 311,463 |
| Literacy Tutoring Program | 77,450 | 62,442 |
| After School Programs | - | 12,000 |
| Educational Assistance Fund | 10,068 | 11,791 |
| Career Launch | 3,086 | 4,372 |
| Boys & Girls Club - Little Chute | - | - |
| Boys & Girls Club - Menasha | - | - |
| Campaign for Menasha youth | 5,000 | 5,141 |
| Boys & Girls Club – Manitowoc | - | - |
| Operations – Appleton | - | - |
| Project Learn | 2,056 | 20,774 |
| Smart Girls | 45,000 | 5,000 |
| STEM | 30,000 | - |
| Youth Enrichment & Behavioral Health | 11,647 | - |
| Little Chute Elementary School | 61,193 | 53,500 |
| Summer Programs | 35,000 | 35,000 |
| Urgent needs | 5,235 | 3,405 |
| Center for Grieving Children | 14,936 | 15,510 |
| “Great Futures 2020” Campaign | 1,588,050 | 2,596,754 |
| Manitowoc Club | 607,599 | - |
| Other | 7,096 | 6,212 |
| TOTAL RESTRICTIONS RELEASED | <u>\$ 3,266,505</u> | <u>\$ 3,480,415</u> |

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, 2021 AND 2020

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, 2021:

| | <u>Without Donor Restriction</u> | <u>With Donor Restriction</u> | <u>Total</u> |
|--|--------------------------------------|-----------------------------------|--------------------------|
| Without donor restrictions endowment funds: | \$ 75,647 | \$ - | \$ 75,647 |
| Donor-restricted endowment funds: | | | |
| Original donor-restricted gift and amounts required to be maintained in perpetuity by donors | - | 126,049 | 126,049 |
| Accumulated investment gains | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL | <u>\$ 75,647</u> | <u>\$ 126,049</u> | <u>\$ 201,696</u> |

Endowment Net Asset Composition by Type of Fund as of December 31, 2020:

| | <u>Without Donor Restriction</u> | <u>With Donor Restriction</u> | <u>Total</u> |
|--|--------------------------------------|-----------------------------------|--------------------------|
| Without donor restrictions endowment funds: | \$ 55,607 | \$ - | \$ 55,607 |
| Donor-restricted endowment funds: | | | |
| Original donor-restricted gift and amounts required to be maintained in perpetuity by donors | - | 125,799 | 125,799 |
| Accumulated investment gains | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL | <u>\$ 55,607</u> | <u>\$ 125,799</u> | <u>\$ 181,406</u> |

BOYS & GIRLS CLUB FOX VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021 AND 2020

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, 2021 and 2020.

Changes in Endowment Net Assets for the Year Ended December 31, 2021:

| | <u>Without Donor Restriction</u> | <u>With Donor Restriction</u> | <u>Total</u> |
|---|--------------------------------------|-----------------------------------|--------------------------|
| Endowment net assets, beginning of year | \$ 55,607 | \$ 125,799 | \$ 181,406 |
| Investment return, net | 20,040 | - | 20,040 |
| Contributions | - | 250 | 250 |
| Appropriation of endowment assets pursuant To spending-rate policy | <u>-</u> | <u>-</u> | <u>-</u> |
| Endowment net assets, end of year | <u>\$ 75,647</u> | <u>\$ 126,049</u> | <u>\$ 201,696</u> |

Changes in Endowment Net Assets for the Year Ended December 31, 2020:

| | <u>Without Donor Restriction</u> | <u>With Donor Restriction</u> | <u>Total</u> |
|---|--------------------------------------|-----------------------------------|--------------------------|
| Endowment net assets, beginning of year | \$ 42,483 | \$ 100,526 | \$ 143,009 |
| Investment return, net | 13,124 | - | 13,124 |
| Contributions | - | 25,273 | 25,273 |
| Appropriation of endowment assets pursuant To spending-rate policy | <u>-</u> | <u>-</u> | <u>-</u> |
| Endowment net assets, end of year | <u>\$ 55,607</u> | <u>\$ 125,799</u> | <u>\$ 181,406</u> |

NOTE 12 - Paycheck Protection Program (PPP) Loan

The Organization was granted \$1,298,098 in loans under the first and second rounds of the PPP administered by a Small Business Administration (SBA) approved partner. The loans were collateralized and fully guaranteed by the Federal government. The Organization initially recorded the loans as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loans no longer existed. The Organization has recognized \$1,298,098, and \$0 as government sources for the years ended December 31, 2021 and 2020, respectively.

NOTE 13 - 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 2021 and 2020, employer contributions were \$60,835 and \$62,890, respectively.

BOYS & GIRLS CLUB FOX VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021 AND 2020

NOTE 14 - Operating Lease

The Organization entered into a lease in 2021 for space for the Manitowoc Club location. The space is leased for \$5,000 per month. The lease expires in July 2024 and has three-two year options for extensions. Rental expense for the lease was \$27,500 and \$0 as of December 31, 2021 and 2020, respectively.

Future minimum lease payments, by year and in the aggregate under operating leases with initial or remaining terms of one year or more consisted of the following as of December 31:

| | | |
|------|--|-----------|
| 2022 | | \$ 60,000 |
| 2023 | | 60,000 |
| 2024 | | 35,000 |

NOTE 15 - 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:

| | 2021 | 2020 |
|------------------------------------|-------------------|-------------------|
| Professional fees | \$ - | \$ 7,640 |
| Supplies | 9,874 | 12,683 |
| Equipment | 14,890 | 7,085 |
| Program assistance | 65,116 | 147,938 |
| Interest expense | 121,543 | 110,891 |
| Other | 11,878 | 14,155 |
| Building | 111,020 | - |
| TOTAL IN-KIND CONTRIBUTIONS | \$ 334,312 | \$ 300,392 |

NOTE 16 - 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, 2021 and 2020 consist of the following and are not included on the statements of activities:

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Contribution subject to interim reports, evaluations, site visits, and other information requested by the donor | \$ 520,000 | \$ 620,000 |
| TOTAL CONDITIONAL PROMISES TO GIVE | \$ 520,000 | \$ 620,000 |

NOTE 17 - Risks and Uncertainties

Investments - 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.

BOYS & GIRLS CLUB FOX VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021 AND 2020

NOTE 18 - 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, 2021 and 2020, \$547,592 and \$1,169,635 of contributions were received from board members or their connections.