

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
**FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2022 AND 2021**

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

TABLE OF CONTENTS

DECEMBER 31, 2022 AND 2021

Page

2 - 3	Independent Auditors' Report
	<b><u>FINANCIAL STATEMENTS</u></b>
4	Statements of Financial Position
5	Statements of Activities
6 - 7	Statements of Functional Expenses
8	Statements of Cash Flows
9 - 24	Notes to Financial Statements



## **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, 2022 and 2021, 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, 2022 and 2021, 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.

### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, in 2022, the organization adopted new accounting guidance in accordance with Accounting Standards Codification Topic 842, *Leases*, as of the beginning of the period of adoption. The prior period presented is in accordance with Topic 840. Our opinion is not modified with respect to this matter.

### ***Other Matter***

As discussed in Note 19 to the financial statements, management discovered an error in the recording of net assets. Therefore, the beginning net assets as of January 1, 2022 have been restated to reflect this change.

### ***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' Responsibilities 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  
June 20, 2023

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

	DECEMBER 31,	
	2022	2021 RESTATED
<u>ASSETS</u>		
Cash and cash equivalents	\$ 4,977,954	\$ 5,263,698
Accounts receivable	74,681	30,480
Unconditional promises to give, net	2,629,376	3,979,200
Grants receivable	402,091	599,161
Prepaid expenses	37,118	70,923
Beneficial interest in Community Foundation	387,046	201,197
Property and equipment, net	15,161,971	15,681,467
Cash surrender value of life insurance	174,372	156,658
501c Trust unemployment	39,009	34,158
Operating right-of-use asset	455,455	-
Other assets	4,560	10,737
	<b>\$ 24,343,633</b>	<b>\$ 26,027,679</b>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 61,652	\$ 48,592
Deferred revenue	8,276	7,974
Accrued liabilities	241,035	230,965
Refundable advances	38,365	195,353
Note payable	1,500,000	2,500,000
Deferred compensation	174,372	156,658
Operating lease liability	457,012	-
Other liabilities	89,263	62,500
	2,569,975	3,202,042
NET ASSETS		
Without donor restrictions	14,480,612	15,039,871
With donor restrictions	7,293,046	7,785,766
	21,773,658	22,825,637
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 24,343,633</b>	<b>\$ 26,027,679</b>

The accompanying notes are an integral part of these statements.

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

	YEAR ENDED DECEMBER 31,					
	2022			2021		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS RESTATED	TOTAL
REVENUE, GAINS AND OTHER SUPPORT						
Contributions	\$ 624,621	\$ 1,118,250	\$ 1,742,871	\$ 953,945	\$ 3,166,804	\$ 4,120,749
Special events	1,052,439	-	1,052,439	459,900	-	459,900
In-kind contributions	247,595	-	247,595	334,312	-	334,312
Program revenue	191,151	-	191,151	131,935	-	131,935
Grant revenue	830,266	-	830,266	733,763	-	733,763
United Way	543	415,066	415,609	3,623	406,927	410,550
Government sources	4,912,972	-	4,912,972	3,185,581	-	3,185,581
Change in beneficial interest	(57,172)	-	(57,172)	20,040	-	20,040
Interest income	18,464	-	18,464	6,609	-	6,609
Other income	19,828	-	19,828	30,647	-	30,647
Net assets released from restrictions	2,026,036	(2,026,036)	-	1,655,485	(1,655,485)	-
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<b>9,866,743</b>	<b>(492,720)</b>	<b>9,374,023</b>	<b>7,515,840</b>	<b>1,918,246</b>	<b>9,434,086</b>
EXPENSES						
Program	8,552,603	-	8,552,603	5,635,699	-	5,635,699
Management and general	1,042,921	-	1,042,921	772,823	-	772,823
Fundraising	830,478	-	830,478	489,166	-	489,166
<b>TOTAL EXPENSES</b>	<b>10,426,002</b>	<b>-</b>	<b>10,426,002</b>	<b>6,897,688</b>	<b>-</b>	<b>6,897,688</b>
CHANGE IN NET ASSETS	(559,259)	(492,720)	(1,051,979)	618,152	1,918,246	2,536,398
NET ASSETS AT BEGINNING OF YEAR - RESTATED	15,039,871	7,785,766	22,825,637	14,421,719	5,867,520	20,289,239
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 14,480,612</b>	<b>\$ 7,293,046</b>	<b>\$ 21,773,658</b>	<b>\$ 15,039,871</b>	<b>\$ 7,785,766</b>	<b>\$ 22,825,637</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, 2022**

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and wages	\$ 3,220,272	\$ 612,195	\$ 324,364	\$ 4,156,831
Payroll taxes	299,840	57,002	30,202	387,044
Employee benefits	306,332	58,236	30,856	395,424
Staff development	16,462	6,088	421	22,971
Special assistance	210,434	-	303	210,737
Scholarships	22,550	-	-	22,550
Recognition	9,999	310	11,271	21,580
Rent	66,000	-	-	66,000
Occupancy	265,705	11,196	5,710	282,611
Repairs and maintenance	93,496	966	861	95,323
Depreciation	675,097	19,724	12,471	707,292
Telephone	30,217	-	350	30,567
Professional fees	70,050	42,186	15,254	127,490
Subrecipient payments	2,543,878	-	-	2,543,878
Insurance	55,482	-	1,546	57,028
Advertising	3,263	-	8,062	11,325
Travel	141,051	9,745	2,755	153,551
Supplies	129,118	1,039	77,490	207,647
Technology	171,755	55,749	34,476	261,980
Printing and publications	45,498	1,373	25,041	71,912
Postage	-	2,138	5,081	7,219
Dues and subscriptions	41,630	20	1,812	43,462
Bad debt	-	48,427	-	48,427
Interest	-	1,557	-	1,557
Special events	-	-	153,514	153,514
In-kind	92,953	84,877	69,765	247,595
Miscellaneous	41,521	30,093	18,873	90,487
<b>TOTAL EXPENSES</b>	<b>\$ 8,552,603</b>	<b>\$ 1,042,921</b>	<b>\$ 830,478</b>	<b>\$ 10,426,002</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, 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	-	(16,375)	-	(16,375)
Interest	-	-	-	-
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
<b>TOTAL EXPENSES</b>	<b>\$ 5,635,699</b>	<b>\$ 772,823</b>	<b>\$ 489,166</b>	<b>\$ 6,897,688</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,	
	2022	2021
		RESTATE
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,051,979)	\$ 2,536,398
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	707,292	629,308
Contributions restricted for long-term purposes	(1,032,972)	(2,127,095)
Change in beneficial interest in Community Foundation	57,172	(20,040)
Allowance for uncollectible promises to give	(14,852)	(44,626)
Discount on unconditional promises to give	27,098	20,897
(Increase) decrease in life insurance cash surrender value	(17,714)	(16,645)
Changes in assets and liabilities:		
(Increase) decrease in current assets		
Accounts receivable	(44,201)	(1,762)
Unconditional promises to give, net	1,337,578	939,989
Grants receivable	197,070	(353,172)
Prepaid expenses	33,805	(51,791)
501c Trust unemployment	(4,851)	(9,193)
Operating right-of-use asset	(455,455)	-
Other assets	6,177	(10,737)
Increase (decrease) in current liabilities		
Accounts payable	13,060	(172,790)
Deferred revenue	302	(4,782)
Accrued liabilities	10,070	44,988
Refundable advances	(156,988)	(487,489)
Deferred compensation	17,714	16,645
Operating lease liability	457,012	-
Other liabilities	26,763	5,850
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>112,101</b>	<b>893,953</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(187,796)	(621,144)
Distribution from beneficial interest in Community Foundation	7,729	-
Contribution to beneficial interest in Community Foundation	(250,750)	-
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(430,817)</b>	<b>(621,144)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on note payable	(1,000,000)	(1,500,000)
Proceeds from contributions restricted for long-term endowment purposes	-	250
Proceeds from contributions restricted for capital campaign	1,032,972	2,126,845
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>32,972</b>	<b>627,095</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(285,744)</b>	<b>899,904</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>5,263,698</b>	<b>4,363,794</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 4,977,954</b>	<b>\$ 5,263,698</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ 1,557	\$ -

The accompanying notes are an integral part of these statements.

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**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.

**Accounting Pronouncements Adopted** - In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases* (Topic 842). The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the statements of activities as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Organization adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840. The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing leases as either finance or operating leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2022 AND 2021

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

As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2022, the beginning of the adoption period, no cumulative effect adjustment to net assets, an operating lease liability of \$527,169, and an operating right-of-use asset of \$527,169. The adoption of the new standard did not materially impact the Organization's statements of activities or statements of cash flows.

As of January 1, 2022 the Organization adopted the provision of FASB issued Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). Under the new guidance, gifts-in-kind are required to be presented as a separate line item on the statements of activities and additional disclosures will be required. The presentation and disclosures for contributed nonfinancial assets have been enhanced in accordance with the standard.

**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 and equipment	5 - 8 years
Building improvements	5 - 40 years
Leasehold improvements	7 - 40 years
Buildings	40 years

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2022 AND 2021

**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, 2022 and 2021.

**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, 2022 and 2021. Increases in the cash surrender value are recognized in other income on the statements of activities. As of December 31, 2022 and 2021, the cash surrender value of the policy was \$174,372 and \$156,658, 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, 2022 AND 2021

**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. 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.

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2022 AND 2021

**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, 2022 and 2021, 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 20, 2023, 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 \$4,901,392 and \$5,124,966 as of December 31, 2022 and 2021, 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, 2022 AND 2021

**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:

	2022	2021 <u>RESTATED</u>
Cash and cash equivalents	\$ 4,977,954	\$ 5,263,698
Accounts receivable	74,681	30,480
Unconditional promises to give receivable in less than one year	1,843,403	2,127,577
Grants receivable	402,091	599,161
Beneficial interest in Community Foundation	387,046	201,197
Total financial assets available within one year	\$ 7,685,175	\$ 8,222,113
Less: Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	5,727,591	5,146,936
Board designated endowment	260,747	75,648
Total financial assets available for general expenditure within one year	\$ 1,696,837	\$ 2,999,529

*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, 2022 AND 2021

**NOTE 4 - Unconditional Promises to Give - Continued**

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

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 1,843,403	\$ 2,127,577
Receivables in one to five years	<u>1,008,814</u>	<u>2,062,218</u>
Total unconditional promises to give	2,852,217	4,189,795
Less: Allowance for unconditional promises to give	132,264	147,116
Less: Discount to net present value	<u>90,577</u>	<u>63,479</u>
<b>NET UNCONDITIONAL PROMISES TO GIVE</b>	<b><u>\$ 2,629,376</u></b>	<b><u>\$ 3,979,200</u></b>

A discount rate of 4.19% and 1.26% was used at December 31, 2022 and 2021, 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, 2022 and 2021 was \$132,264 and \$147,116, respectively.

**NOTE 5 - Property and Equipment**

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

	<u>2022</u>	<u>2021</u>
Land	\$ 1,691,607	\$ 1,691,607
Buildings and improvements	17,136,206	17,074,521
Furniture and fixtures	1,186,466	1,060,355
Leasehold improvements	<u>52,448</u>	<u>52,448</u>
	20,066,727	19,878,931
Less: Accumulated depreciation	<u>4,904,756</u>	<u>4,197,464</u>
<b>NET PROPERTY AND EQUIPMENT</b>	<b><u>\$15,161,971</u></b>	<b><u>\$15,681,467</u></b>

Depreciation expense amounted to \$707,292 and \$629,308 for the years ended December 31, 2022 and 2021, 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 \$387,046 and \$201,197 as of December 31, 2022 and 2021, 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, 2022 AND 2021

**NOTE 7 - Unemployment Reserve**

The Organization is self-funded for state unemployment compensation purposes. In accordance with state regulations, cash on deposit totaling \$39,009 and \$34,158 at December 31, 2022 and 2021, 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, 2022 and 2021.

*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, 2022 AND 2021

**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, 2022 and 2021.

	DECEMBER 31, 2022	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	\$ 387,046	\$ -	\$ -	\$ 387,046
<b>TOTALS</b>	<b>\$ 387,046</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 387,046</b>

	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
<b>TOTALS</b>	<b>\$ 201,197</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 201,197</b>

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

**Beneficial interest in Community Foundation**

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 201,197	\$ 181,157
Contributions	250,750	-
Distributions	(7,729)	-
Change in beneficial interest	<u>(57,172)</u>	<u>20,040</u>
Balance, end of year	<u>\$ 387,046</u>	<u>\$ 201,197</u>

**NOTE 9 - Note Payable**

The Organization signed a \$4,000,000 note payable at Community First Credit Union, which was subsequently refinanced for \$2,500,000 due in one payment in February 2024. The Organization made a pre-payment of \$1,500,000 during 2021 and \$1,000,000 in additional payments in 2022. The interest rate on the note is 0%. Interest of \$84,877 and \$121,543 is reported as an in-kind contribution as of December 31, 2022 and 2021, based on an interest rate of 4%. The outstanding balance on the note was \$1,500,000 and \$2,500,000 as of December 31, 2022 and 2021, respectively.

**NOTE 10 - Net Assets**

Included in net assets without donor restrictions are amounts designated by the board for a quasi-endowment of \$260,747 and \$75,647 for each of the years ended December 31, 2022 and 2021, respectively.

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2022 AND 2021

**NOTE 10 - Net Assets - Continued**

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

	<u>2022</u>	<u>2021</u> <u>RESTATED</u>
Subject to expenditure for specified purpose:		
STAR Program	\$ 239,509	\$ 285,450
Literacy Tutoring Program	-	37,500
Educational Assistance Fund	24,681	25,681
Career Launch	3,435	16,849
Campaign for Menasha youth	205,251	407,178
STEM	15,000	-
Little Chute Elementary School	26,800	26,307
Urgent Needs	10,074	8,645
Center for Grieving Children	33,133	8,168
Youth enrichment & behavioral health	-	38,353
Menasha club building maintenance	46,148	30,605
"Great Futures 2020" Campaign, including pledges	4,907,475	4,888,647
Manitowoc Club, including pledges	1,091,099	1,301,302
Other	7,500	8,421
	<u>6,610,105</u>	<u>7,083,106</u>
Subject to the passage of time:		
Operating pledges	141,576	169,684
United Way	415,066	406,927
	<u>556,642</u>	<u>576,611</u>
Endowments		
Amount required to be held in perpetuity	<u>126,299</u>	<u>126,049</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 7,293,046</u></b>	<b><u>\$ 7,785,766</u></b>

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2022 AND 2021

**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>2022</u>	<u>2021</u> <u>RESTATED</u>
Expiration of time restrictions	\$ 576,611	\$ 429,246
Satisfaction of purpose restrictions		
STAR Program	386,028	333,843
Literacy Tutoring Program	38,000	77,450
Educational Assistance Fund	16,000	10,068
Career Launch	18,414	3,086
Campaign for Menasha youth	201,927	5,000
Menasha club building maintenance	19,457	-
Project Learn	23,200	2,056
Smart Girls	25,000	45,000
STEM	15,000	30,000
Youth Enrichment & Behavioral Health	38,354	11,647
Little Chute Elementary School	26,307	61,193
Summer Programs	35,000	35,000
Urgent needs	8,870	5,235
Center for Grieving Children	13,420	14,936
"Great Futures 2020" Campaign	66,891	(22,970)
Manitowoc Club	506,536	607,599
Other	11,021	7,096
<b>TOTAL RESTRICTIONS RELEASED</b>	<b><u>\$ 2,026,036</u></b>	<b><u>\$ 1,655,485</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, 2022 AND 2021**

**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, 2022:**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Without donor restrictions endowment funds:	\$ 260,747	\$ -	\$ 260,747
Donor-restricted endowment funds:			
Original donor-restricted gift and amounts required to be maintained in perpetuity by donors	-	126,299	126,299
Accumulated investment gains	-	-	-
<b>TOTAL</b>	<b><u>\$ 260,747</u></b>	<b><u>\$ 126,299</u></b>	<b><u>\$ 387,046</u></b>

**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:	\$ 75,648	\$ -	\$ 75,648
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	-	-	-
<b>TOTAL</b>	<b><u>\$ 75,648</u></b>	<b><u>\$ 126,049</u></b>	<b><u>\$ 201,697</u></b>

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2022 AND 2021

**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, 2022 and 2021.

**Changes in Endowment Net Assets for the Year Ended December 31, 2022:**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 75,648	\$ 126,049	\$ 201,697
Investment return, net	(57,172)	-	(57,172)
Contributions	250,000	250	250,250
Distribution from board-designated endowment pursuant to distribution policy	(7,729)	-	(7,729)
Endowment net assets, end of year	<b><u>\$ 260,747</u></b>	<b><u>\$ 126,299</u></b>	<b><u>\$ 387,046</u></b>

**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	\$ 55,608	\$ 125,799	\$ 181,407
Investment return, net	20,040	-	20,040
Contributions	-	250	250
Appropriation of endowment assets pursuant To spending-rate policy	-	-	-
Endowment net assets, end of year	<b><u>\$ 75,648</u></b>	<b><u>\$ 126,049</u></b>	<b><u>\$ 201,697</u></b>

**NOTE 12 - Paycheck Protection Program (PPP) Loan**

The Organization was granted a \$1,298,098 loan under the second round of the PPP administered by a Small Business Administration (SBA) approved partner. The loan was collateralized and fully guaranteed by the Federal government. The Organization initially recorded the loan 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, as government sources for the year ended December 31, 2021.

**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 2022 and 2021, employer contributions were \$65,684 and \$60,835, respectively.

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2022 AND 2021

**NOTE 14 - Leases**

The Organization leases certain office facilities and equipment for various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates through 2030 and provide for renewal options ranging from two to six years. The Organization included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The leases provide for increases in future minimum annual rental payments based on a defined schedule or index. Also, the agreements generally require the Organization to pay real estate taxes, insurance, and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease, or if the implicit rate is not readily determinable from the lease, then the Organization elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate.

The Organization elected the practical expedient to not separate lease and non-lease components for a real estate and office equipment leases.

Total lease expense is as follows for the years ended December 31, 2022:

Operating lease expense	\$ 79,040
-------------------------	-----------

Other lease information is as follows for the years ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 77,483
Weighted-average remaining lease term in years	
Operating leases	7.41
Weighted-average discount rate	
Operating leases	1.50%

The future minimum lease payments under operating leases are as follows as of December 31, 2022:

2023	\$ 69,099
2024	63,611
2025	62,432
2026	61,710
2027	62,424
Thereafter	<u>163,758</u>
Total minimum lease payments	483,034
Less present value discount	<u>(26,022)</u>
<b>TOTAL LEASE LIABILITIES</b>	<b><u>\$ 457,012</u></b>

For the year ended December 31, 2021, the Organization accounted for leases under ASC Topic 840. Operating lease expense for the year ended December 31, 2021 was \$27,000.

**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2022 AND 2021

**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:

	<u>2022</u>	<u>2021</u>
Supplies	\$ 19,264	9,874
Equipment	17,985	14,890
Program assistance	82,165	65,116
Interest expense	84,877	121,543
Other	43,304	11,869
Building	-	111,020
<b>TOTAL IN-KIND CONTRIBUTIONS</b>	<b><u>\$ 247,595</u></b>	<b><u>\$ 334,312</u></b>

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

The Organization receives contributed professional services (included in other) that are reported using current rates for similar types of services. Contributed supplies, equipment and program assistance received by the Organization are recorded as in-kind contribution revenue with a corresponding increase to supplies expense. Donated buildings are recorded as kind contribution revenue with a corresponding increase to property and equipment. Donated goods are valued at the fair market value based on current market rates for similar items.

The Organization entered into a loan agreement which has a 0% interest rate. Using the market rate from the note origination date, the financial institution calculates the amount of interest the Organization would have paid had the note been accumulating interest.

All contributed services, supplies, equipment, buildings and interest were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

**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, 2022 and 2021 consist of the following and are not included on the statements of activities:

	<u>2022</u>	<u>2021</u>
Contribution subject to interim reports, evaluations, site visits, and other information requested by the donor	\$ 465,000	\$ 445,000
Contribution conditional on raising matching funds	60,000	75,000
<b>TOTAL CONDITIONAL PROMISES TO GIVE</b>	<b><u>\$ 525,000</u></b>	<b><u>\$ 520,000</u></b>



**BOYS & GIRLS CLUB FOX VALLEY, INC.**  
NOTES TO FINANCIAL STATEMENTS - Continued  
DECEMBER 31, 2022 AND 2021

**NOTE 17 - 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 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, 2022 and 2021, \$914,816 and \$547,592 of contributions were received from board members or their connections.

**NOTE 19 - Prior Period Adjustment**

During the year, management discovered errors in the reporting of release from restrictions as of December 31, 2021. There were items included in the release from restriction that were not included in the net assets with donor restrictions and therefore should not have been released. Therefore, the release from restriction for 2022 was reduced by \$1,611,022 resulting in an increase of net assets with donor restrictions at December 31, 2021 of \$1,611,022 and a decrease in net assets with donor restrictions of \$1,611,022.