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**BOYS & GIRLS CLUB
OF DANE COUNTY**

**BOYS AND GIRLS CLUB
OF DANE COUNTY, INC.**

FINANCIAL STATEMENTS

June 30, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Boys and Girls Club of Dane County, Inc.
Madison, Wisconsin

We have audited the accompanying financial statements of Boys and Girls Club of Dane County, Inc., which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys and Girls Club of Dane County, Inc. as of June 30, 2017 and 2016, 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.

Janesville Office:
101 E. Milwaukee Street
Suite 425
Janesville, WI 53545
P: (608) 756-4020

Baraboo Office:
123 Second Street
P.O. Box 150
Baraboo, WI 53913
P: (608) 356-3966
F: (608) 356-2966

Milwaukee Office:
W229 N1433 Westwood Drive
Suite 105
Waukesha, WI 53186
P: (262) 522-7555
F: (262) 522-7550

Madison Office:
2110 Luann Lane
Madison, WI 53713
P: (608) 274-4020
F: (608) 274-0775

www.wegnercpas.com
info@wegnercpas.com
(888) 204-7665

Correction of Error

As described in Note 16 to the financial statements, certain errors resulting in the understatement of amounts previously reported for unconditional promises to give and temporarily restricted contributions as of June 30, 2016, were discovered by management of the Club during the current year. Accordingly, amounts reported for unconditional promises to give and temporarily restricted contributions have been restated in the 2016 financial statements now presented, and an adjustment has been made to temporarily restricted net assets as of June 30, 2016, to correct the error. Our opinion is not modified with respect to that matter.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
November 8, 2017

BOYS AND GIRLS CLUB OF DANE COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash	\$ 740,934	\$ 947,630
Certificates of deposit	250,996	250,244
Restricted cash	13,411	15,700
Grants receivable	254,402	104,509
Other receivables	18,949	36,809
Unconditional promises to give	689,975	467,501
Prepaid expenses	5,401	7,596
Property and equipment - net	3,748,199	3,664,702
Beneficial interest in assets held by MCF	259,710	214,658
Total assets	\$ 5,981,977	\$ 5,709,349
LIABILITIES		
Accounts payable	\$ 105,283	\$ 47,348
Accrued payroll and taxes	315,873	162,679
Deferred revenue	-	1,525
Scholarship payable	106,317	112,952
Funds held for others	7,926	3,792
Note payable	58,431	4,166
Deferred loans	655,261	655,261
Total liabilities	1,249,091	987,723
NET ASSETS		
Undesignated	392,169	848,356
Designated for property and equipment	3,034,507	3,005,275
Designated for agency endowment	259,710	214,658
Designated for future periods	490,000	-
Unrestricted net assets	4,176,386	4,068,289
Temporarily restricted	556,500	653,337
Total net assets	4,732,886	4,721,626
Total liabilities and net assets	\$ 5,981,977	\$ 5,709,349

See accompanying notes.

BOYS AND GIRLS CLUB OF DANE COUNTY, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions	\$ 1,004,234	\$ 1,744,950	\$ 2,749,184
Foundation grants	476,550	-	476,550
Fundraising events	785,947	-	785,947
Government grants	565,300	-	565,300
Fees	302,499	-	302,499
Agency endowment return	30,552	-	30,552
Interest income	2,466	-	2,466
Miscellaneous income	642	-	642
	<u>3,168,190</u>	<u>1,744,950</u>	<u>4,913,140</u>
EXPENSES AND LOSSES			
Program services			
Taft location	716,840	-	716,840
Allied location	704,101	-	704,101
TOPS	1,607,543	-	1,607,543
College Clubs	351,224	-	351,224
Supporting activities			
Management and general	710,054	-	710,054
Fundraising	788,695	-	788,695
	<u>4,878,457</u>	<u>-</u>	<u>4,878,457</u>
Total expenses	4,878,457	-	4,878,457
Loss on equipment disposal	23,423	-	23,423
	<u>4,901,880</u>	<u>-</u>	<u>4,901,880</u>
Total expenses and losses	4,901,880	-	4,901,880
Net assets released from restrictions	1,841,787	(1,841,787)	-
	<u>1,841,787</u>	<u>(1,841,787)</u>	<u>-</u>
Change in net assets	108,097	(96,837)	11,260
Net assets - beginning of year restated	4,068,289	653,337	4,721,626
	<u>4,068,289</u>	<u>653,337</u>	<u>4,721,626</u>
Net assets - end of year	<u>\$ 4,176,386</u>	<u>\$ 556,500</u>	<u>\$ 4,732,886</u>

See accompanying notes.

BOYS AND GIRLS CLUB OF DANE COUNTY, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions	\$ 1,315,156	\$ 1,269,998	\$ 2,585,154
Foundation grants	500,009	-	500,009
Fundraising events	699,432	-	699,432
Government grants	581,164	-	581,164
Fees	93,689	-	93,689
Agency endowment return	(7,785)	-	(7,785)
Interest income	1,423	-	1,423
Miscellaneous income	5,946	-	5,946
	<u>3,189,034</u>	<u>1,269,998</u>	<u>4,459,032</u>
Total support and revenue	3,189,034	1,269,998	4,459,032
EXPENSES			
Program services			
Taft location	743,393	-	743,393
Allied location	720,650	-	720,650
TOPS	1,516,027	-	1,516,027
College Clubs	304,426	-	304,426
Supporting activities			
Management and general	779,967	-	779,967
Fundraising	617,581	-	617,581
	<u>4,682,044</u>	<u>-</u>	<u>4,682,044</u>
Total expenses	4,682,044	-	4,682,044
Loss on equipment disposal	1,189	-	1,189
	<u>4,683,233</u>	<u>-</u>	<u>4,683,233</u>
Total expenses and losses	4,683,233	-	4,683,233
Net assets released from restrictions	1,723,967	(1,723,967)	-
Change in net assets	229,768	(453,969)	(224,201)
Net assets - beginning of year	3,838,521	1,107,306	4,945,827
Net assets - end of year restated	<u>\$ 4,068,289</u>	<u>\$ 653,337</u>	<u>\$ 4,721,626</u>

See accompanying notes.

BOYS AND GIRLS CLUB OF DANE COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years ended June 30, 2017 and 2016

	Program Services				Supporting Activities		Total
	Taft Location	Allied Location	TOPS	College Clubs	Management and General	Fundraising	
Salary and benefits	\$ 432,135	\$ 461,000	\$ 1,123,998	\$ 255,129	\$ 375,900	\$ 308,976	\$ 2,957,138
Program supplies and services	17,240	19,895	415,295	79,196	78,018	1,826	611,470
Professional fees	55,877	16,006	23,743	5,799	69,192	73,642	244,259
Office, operations and occupancy	120,810	130,486	27,809	8,668	139,270	42,903	469,946
Outreach and marketing	-	-	-	-	-	67,467	67,467
Events	76	-	4,885	-	-	287,557	292,518
Conferences, travel and training	263	607	11,813	2,432	12,569	6,324	34,008
Depreciation	90,439	76,107	-	-	12,413	-	178,959
Insurance	-	-	-	-	22,692	-	22,692
Total expenses - 2017	\$ 716,840	\$ 704,101	\$ 1,607,543	\$ 351,224	\$ 710,054	\$ 788,695	\$ 4,878,457

	Program Services				Supporting Activities		Total
	Taft Location	Allied Location	TOPS	College Clubs	Management and General	Fundraising	
Salary and benefits	\$ 428,409	\$ 413,008	\$ 1,100,422	\$ 218,684	\$ 337,128	\$ 302,406	\$ 2,800,057
Program supplies and services	141,634	133,088	328,234	59,349	73,902	2,390	738,597
Professional fees	14,126	6,960	33,445	15,221	90,462	46,660	206,874
Office, operations and occupancy	76,251	98,393	33,810	10,500	206,832	57,216	483,002
Outreach and marketing	-	-	831	-	-	69,055	69,886
Events	-	150	-	-	-	132,101	132,251
Conferences, travel and training	-	924	19,285	672	34,725	7,753	63,359
Depreciation	82,973	68,127	-	-	10,995	-	162,095
Insurance	-	-	-	-	25,923	-	25,923
Total expenses - 2016	\$ 743,393	\$ 720,650	\$ 1,516,027	\$ 304,426	\$ 779,967	\$ 617,581	\$ 4,682,044

See accompanying notes.

BOYS AND GIRLS CLUB OF DANE COUNTY, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 11,260	\$ (224,201)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	178,959	162,095
Donated website development	(75,967)	-
Loss on equipment disposal	23,423	1,189
Amortization of discount on unconditional promises to give	(248)	(6,184)
(Increase) decrease in assets		
Restricted cash	2,289	(518)
Grants receivable	(149,893)	94,396
Other receivables	17,860	(16,084)
Unconditional promises to give	(222,226)	241,961
Prepaid expenses	2,195	(6,204)
Increase (decrease) in liabilities		
Accounts payable	57,935	(43,170)
Accrued payroll and taxes	153,194	(94,218)
Deferred revenue	(1,525)	(65,006)
Scholarship payable	(6,635)	100,774
Funds held for others	4,134	(3,612)
Net cash flows from operating activities	(5,245)	141,218
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(140,912)	(192,311)
Transfers to agency endowments	(14,500)	(15,000)
Investment return retained in agency endowments	(30,552)	7,785
Interest retained in certificates of deposit	(752)	-
Net cash flows from investing activities	(186,716)	(199,526)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	(14,735)	(14,528)
Net cash flows from investing activities	(14,735)	(14,528)
Net change in cash	(206,696)	(72,836)
Cash - beginning of year	947,630	1,020,466
Cash - end of year	\$ 740,934	\$ 947,630
SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ 2,156	\$ 1,232
Noncash investing and financing transactions		
Donated website development	75,967	-
Acquisition of vehicles		
Cost of vehicles, net of trade-in	\$ 116,165	\$ -
Loss on trade-in	23,423	-
Vehicle loan	(69,000)	-
Cash down payment for vehicles	\$ 70,588	\$ -

See accompanying notes.

BOYS AND GIRLS CLUB OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Boys and Girls Club of Dane County, Inc. (Club), located in Madison, Wisconsin, is an affiliate of Boys and Girls Clubs of America. The Club's mission is to inspire and enable all young people, especially those from disadvantaged circumstances, to realize their full potential as productive, responsible, and caring citizens. The Club's primary funding sources are grants from the Burke Foundation, Inc., Great Lakes Higher Education Guaranty Corp., City of Madison, United Way of Dane County, State of Wisconsin Department of Children and Families, and contributions from the general public. The following summary of significant accounting policies is presented to enhance the usefulness of the financial statements to the reader.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Club is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily restricted net assets—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

Permanently restricted net assets—Net assets that have been restricted by donors to be maintained by the Club in perpetuity.

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 revenue and expenses. Actual results could differ from those estimates.

Receivables

The Club considers all receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Promises to Give

Unconditional promises to give are recognized as support or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Uncollectible promises are written off after management has used reasonable collection efforts and determine the promises will not be collected.

BOYS AND GIRLS CLUB OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets.

Contributions

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Government Grants

Certain programs are funded by service contracts with various government agencies. Revenue from these contracts is based upon the actual cost of providing such services up to the maximum amount specified in the contracts. Costs allocated to these programs are in accordance with established procedures and are subject to audit by the government agency contracted to fund such programs. No determination has been made regarding the effect, if any; such audit could have on the financial statements.

Donated Services and Facilities

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Club. Volunteers also provide various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria are not met.

Donated facilities are recorded at fair value at the date of donation.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

The Club provides health and life skills, character and leadership development, arts and cultural enrichment, education and career development, sports and recreation, and various general programs and the operation of facilities for community events and activities. The Club provides all of these services throughout the entire year to kids ranging from elementary school age through high school age at its Taft and Allied locations. Teens of Promise Scholarships (TOPS) works with high school students to prepare them for college and to make it more affordable. College Club is a college prep program for 1st through 12th grade students that is built on a foundation of academic monitoring, tutoring and case management. Supporting activities consist of

BOYS AND GIRLS CLUB OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

administrative functions, liaison with other community centers, and fundraising activities, including grant writing and various special events.

Income Tax Status

The Club is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Date of Management’s Review

Management has evaluated subsequent events through November 8, 2017, the date which the financial statements were available to be issued.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

NOTE 2 – RESTRICTED CASH

Restricted cash at June 30, 2017 and 2016 is available to fund scholarships for students from economically disadvantaged families.

NOTE 3 – PROMISES TO GIVE

Unconditional promises at June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Amounts due in:		
Less than one year	\$ 606,740	\$ 390,790
One to five years	84,393	78,117
	<u>691,133</u>	<u>468,907</u>
Fair value	691,133	468,907
Unamortized discount at 5.33%	<u>(1,158)</u>	<u>(1,406)</u>
Unconditional promises to give	<u>\$ 689,975</u>	<u>\$ 467,501</u>

Unconditional promises to give include the value of facilities donated in connection with a long-term lease (see note 10). The fair value of the future facilities to be received was based on the fair value at the date of initial recognition.

The Club has a promise to give from a donor for the Teens of Promise Scholarship (TOPS) program at June 30, 2017 and 2016 that is conditional based on reporting by the Club that demonstrates progress in the program that is satisfactory to the donor. The Club received \$700,000 in 2017 and \$750,000 in 2016 from the donor upon meeting the conditions. The Club

BOYS AND GIRLS CLUB OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 3 – PROMISES TO GIVE (continued)

will receive \$700,000 from the donor in each year ending June 30, 2018 and 2019 as program progress is reported to and accepted by the donor.

The Club has a promise to give from a donor for the TOPS and College Club programs at June 30, 2017 and 2016 that is conditional based on meeting program outcomes. The Club received \$200,000 in 2017 and 2016 from the donor upon meeting the outcomes. The Club will receive \$200,000 from the donor in each year ending June 30, 2018, 2019, and 2020 upon meeting program outcomes.

The Club has a promise to give from a donor for future periods at June 30, 2017 that is conditional based on meeting membership goals. The Club received \$10,000 in 2017 from the donor upon meeting the goals. The Club will receive \$10,000 from the donor in each year through June 30, 2026 upon meeting membership goals.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 273,200	\$ 273,200
Buildings and improvements	4,158,170	4,141,276
Leasehold improvements	6,967	6,967
Equipment	841,503	750,472
Vehicles	<u>275,462</u>	<u>165,051</u>
Property and equipment	5,555,302	5,336,966
Less accumulated depreciation	<u>1,807,103</u>	<u>1,672,264</u>
Property and equipment - net	<u>\$ 3,748,199</u>	<u>\$ 3,664,702</u>

NOTE 5 – NOTE PAYABLE

In September 2016 the Club made the final payment on a note payable to Capitol Bank secured by vehicles with an interest rate of 4%, requiring monthly payments of \$1,284, including principal and interest.

In August 2016 the Club financed \$69,000 of vehicle purchases with a five year promissory note at 4%, due in monthly installments of \$1,279, and secured by the vehicles. Future minimum principal payments for the years ending June 30, 2018 through 2022 are \$13,222, \$13,691, \$14,285, \$14,904, and \$2,329.

Interest expense for the years ended June 30, 2017 and 2016 was \$2,156 and \$820.

BOYS AND GIRLS CLUB OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 6 – LINE OF CREDIT

The Club has a line of credit for \$100,000 that matures on April 8, 2019. The interest rate is equal to the prime rate and the line is secured by real estate. There were no outstanding borrowings at June 30, 2017 and 2016.

NOTE 7 – DEFERRED LOANS

The Club assumed a deferred loan of \$161,811 from the City of Madison (CDBG) on December 31, 1998. In 2008, the Club received a deferred loan of \$45,000. The loans are secured by real estate occupied by the Club at 2001 Taft Street. Upon transfer of property, sale of property, or discontinuance of permitted use, the amount due to the City of Madison is the greater of \$206,811 or 35.66% of the fair value of the property.

In January 2006, the Club received a deferred loan of \$448,450 from the City of Madison (CDBG). The loan is secured by real estate occupied by the Club at 4619 Jenewein Road (Allied location). Upon transfer of property, sale of property, or discontinuance of permitted use, the amount due to the City of Madison is the greater of \$448,450 or 14.37% of the fair value of the property.

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2017 and 2016 are available for the purposes and periods:

	2017	2016
Purpose Restrictions		
Teens of Promise program	\$ 217,818	\$ 236,086
College Club	44,000	35,000
Day for Kids	-	50,000
Capacity building	-	10,000
Overhead costs in new administration offices	-	16,500
Collaborative Workforce Development Program	15,000	75,000
Administrative office rental	134,283	130,285
United Way - Middle/High School After School	41,907	47,680
United Way - Elementary After School	23,722	27,786
Fitness and nutrition programming	46,806	-
Time Restrictions		
For subsequent years	32,964	25,000
Temporarily restricted net assets	\$ 556,500	\$ 653,337

BOYS AND GIRLS CLUB OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 9 – DONATED SERVICES

Donated services for the years ended June 30, 2017 and 2016 included as contributions in the statement of activities and the expenses included in the statements of functional expenses are as follows:

	2017	2016
Maintenance - Taft and Allied locations	\$ 60,000	\$ 48,900
Legal - Management and general	12,124	65,596
Advertising	89,603	-
Event space	35,059	-
	\$ 196,786	\$ 114,496

NOTE 10 – DONATED FACILITIES

In March 2015, the Club entered into a lease agreement for administrative office space with an aggregate annual base rent of \$1 that ends on February 28, 2019. Fair value was determined based on the Madison Metro area rental rate per square foot. Fair value is estimated at \$318,700 based on the present value using a discount rate of 5.33%. This balance of \$134,283 is included in unconditional promises to give and temporarily restricted net assets in the statements of financial position. Lease expense for the years ended June 30, 2017 and 2016 was \$78,888 and \$78,574.

NOTE 11 – RETIREMENT PLAN

The Club has established a retirement plan that covers all employees who are at least 21 years of age and who have worked at the Club for at least 12 months. Employer contributions to the plan for 2017 and 2016 were 10% and 7% of the employees' annual compensation. Retirement expense for the years ended June 30, 2017 and 2016 was \$111,094 and \$91,188.

NOTE 12 – AGENCY ENDOWMENT

The Club has established an agency endowment fund at Madison Community Foundation (MCF). The Club recognizes the fair value of contributions when received. When the Club transfers the funds to MCF it recognizes the transfer as a decrease in cash and an increase in the asset beneficial interest in agency endowment fund. The Club acknowledges that by virtue of the governing instrument of MCF, the Board of Governors of MCF has the authority to modify any restriction or condition on the distribution of assets from the Funds if, in the reasonable judgment of the Board of Governors, such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by MCF.

Contributions to the agency endowment and income earned thereon are accumulated in the agency endowment. Distributions will be made from the agency endowment to support the charitable agencies and purposes specified by the Club. MCF maintains legal ownership of the assets of the agency endowment, which is held and administered subject to the provisions of the MCF's governing instruments.

BOYS AND GIRLS CLUB OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 12 – AGENCY ENDOWMENT (continued)

The Club recognizes the fair value of contributions as support when received and recognizes transfers to the agency endowment as decreases in cash and increases in an asset called “Beneficial interest in assets held by MCF” when the funds are transferred to the MCF.

As of June 30, 2017 and 2016, the Club has designated \$259,710 and \$214,658 of unrestricted net assets for the agency endowment. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

Composition of and changes in endowment net assets were as follows:

	2017	2016
Board-designated endowment fund—beginning of year	\$ 214,658	\$ 207,443
Transfers to agency endowment	14,500	15,000
Net investment activity	30,552	(7,785)
Board-designated endowment fund—end of year	\$ 259,710	\$ 214,658

NOTE 13 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2017 and 2016 are as follows:

	Fair Value	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 250,996	\$ 250,996	\$ -
Beneficial interest in assets held by MCF	259,710	-	259,710
Investments - 2017	\$ 510,706	\$ 250,996	\$ 259,710
Certificates of deposit	\$ 250,244	\$ 250,244	\$ -
Beneficial interest in assets held by MCF	214,658	-	214,658
Investments - 2016	\$ 464,902	\$ 250,244	\$ 214,658

Certificates of deposit are determined based on recent prices of similar assets.

BOYS AND GIRLS CLUB OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 13 – FAIR VALUE MEASUREMENTS (continued)

The Club's beneficial interest in assets held by MCF represents an agreement between the Club and MCF in which the Club transfers assets to MCF in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value of the beneficial interest is measured at the proportional share of the underlying assets as reported to the Club by MCF. Little information about those assets is released publicly. The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably estimated.

The following table presents additional information about assets measured at fair value on a recurring basis using significant unobservable inputs:

	2017	2016
Beginning balance	\$ 214,658	\$ 207,443
Change in value of beneficial interest included in change in net assets	30,552	(7,785)
Purchases	14,500	15,000
Ending balance	\$ 259,710	\$ 214,658

The change in value of beneficial interest included in change in net assets is reported as agency endowment return on the statement of activities.

NOTE 14 – ENDOWMENT FUND AT MADISON COMMUNITY FOUNDATION

The Bolz Family Endowment Fund for Boys and Girls Club of Dane County (Bolz Fund) is a component fund of the Madison Community Foundation that was established in 2006 by a gift from the Eugenia Mayer Bolz Family Foundation to be used to underwrite the Club.

The Madison Community Foundation, as a charitable trust, serves the mutual interests of Dane County and those individuals and organizations who wish to enhance the quality of life in the community through charitable giving. Donors establish component funds and, when these funds are established, donors may indicate what organizations or causes should benefit from distributions from the funds. However, donors also grant the Madison Community Foundation variance power that allows it to modify the donors' stipulations under certain circumstances as it monitors the changing needs of the community. Therefore, the Bolz Fund is not included in the Club's financial statements.

No distributions were received during the years ended June 30, 2017 and 2016 from the Bolz Fund. The fair value at June 30, 2017 and 2016 of the Bolz Fund was \$116,483 and \$102,083.

NOTE 15 – COMMITMENTS

The Club has an employment agreement with its Executive Director, which extends through December 31, 2017 with automatic two year renewal terms. The aggregate commitment at June 30, 2017 and 2016 under this agreement was approximately \$116,000 and \$128,500.

BOYS AND GIRLS CLUB OF DANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 16 – PROR PERIOD ADJUSTMENT

During 2017, management determined that the previously issued financial statements for 2016 required correction due to an understatement of previously reported unconditional promises to give and temporarily restricted contributions. Correcting this error increased unconditional promises to give and temporarily restricted contributions by \$55,931. The effect of the restatement on the change in temporarily restricted net assets was an increase of \$55,931.

	Previously Reported	Change	Restated Totals
Unconditional promises to give	\$ 411,570	\$ 55,931	\$ 467,501
Temporarily restricted net assets	597,406	55,931	653,337
Temporarily restricted contributions	1,214,067	55,931	1,269,998
Change in temporarily restricted net assets	(509,900)	55,931	(453,969)