

**GREAT FUTURES START HERE.**



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

**FINANCIAL STATEMENTS**

June 30, 2018 and 2017

## CONTENTS

Independent Auditor's Report .....	1
Statements of Financial Position.....	3
Statements of Activities .....	4
Statements of Functional Expenses .....	6
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8



## 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, 2018 and 2017, 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, 2018 and 2017, 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:**  
2921 Landmark Place  
Suite 300  
Madison, WI 53713  
P: (608) 274-4020 F:  
(608) 308-1616

[www.wegnercpas.com](http://www.wegnercpas.com)  
[info@wegnercpas.com](mailto:info@wegnercpas.com)  
(888) 204-7665

***Emphasis-of-Matter***

*Prior Period Adjustment*

As stated in Note 21 to the financial statements, unconditional promises to give were understated in prior years. As of July 1, 2016, the beginning balances of unconditional promises to give and temporarily restricted net assets were adjusted by \$77,000 each. In addition, during the fiscal year ended June 30, 2017 unconditional promises to give and contributions were adjusted by \$81,500 each.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
October 19, 2018

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2018 and 2017

	2018	2017
<b>ASSETS</b>		
Cash	\$ 996,807	\$ 740,934
Certificates of deposit	251,373	250,996
Restricted cash	4,878	13,411
Grants receivable	268,605	254,402
Other receivables	25,826	18,949
Unconditional promises to give	973,556	848,475
Prepaid expenses	57,746	5,401
Deferred leasehold incentive	33,467	-
Property and equipment - net	3,624,762	3,748,199
Beneficial interest in assets held by MCF	288,026	259,710
<b>Total assets</b>	<b>\$ 6,525,046</b>	<b>\$ 6,140,477</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 129,754	\$ 105,283
Accrued payroll and taxes	274,790	315,873
Promises to give payable	84,293	106,317
Funds held for others	91,148	7,926
Note payable	45,388	58,431
Deferred loans	655,261	655,261
<b>Total liabilities</b>	<b>1,280,634</b>	<b>1,249,091</b>
<b>NET ASSETS</b>		
Undesignated	409,950	392,169
Designated for property and equipment	2,924,113	3,034,507
Designated for agency endowment	288,026	259,710
Designated for future periods	423,409	490,000
Unrestricted net assets	4,045,498	4,176,386
Temporarily restricted	1,198,914	715,000
<b>Total net assets</b>	<b>5,244,412</b>	<b>4,891,386</b>
<b>Total liabilities and net assets</b>	<b>\$ 6,525,046</b>	<b>\$ 6,140,477</b>

See accompanying notes.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
Year ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 898,373	\$ 2,531,948	\$ 3,430,321
Foundation grants	179,380	-	179,380
Fundraising events	793,955	-	793,955
Government grants	561,331	-	561,331
Fees	450,875	-	450,875
Agency endowment return	23,594	-	23,594
Interest income	2,815	-	2,815
Miscellaneous income	5,509	-	5,509
	<u>2,915,832</u>	<u>2,531,948</u>	<u>5,447,780</u>
<b>EXPENSES</b>			
Program services			
Taft location	789,082	-	789,082
Allied location	853,590	-	853,590
TOPS	1,433,490	-	1,433,490
College clubs	224,260	-	224,260
Regional clubs	94,853	-	94,853
Supporting activities			
Management and general	821,634	-	821,634
Fundraising	931,337	-	931,337
	<u>5,148,246</u>	<u>-</u>	<u>5,148,246</u>
Net assets released from restrictions	<u>2,048,034</u>	<u>(2,048,034)</u>	<u>-</u>
Change in net assets before changes related to acquisition of regional clubs	(184,380)	483,914	299,534
Excess of assets acquired over liabilities assumed in donation of regional clubs	<u>53,492</u>	<u>-</u>	<u>53,492</u>
<b>Change in net assets</b>	<b>(130,888)</b>	<b>483,914</b>	<b>353,026</b>
Net assets - beginning of year restated	<u>4,176,386</u>	<u>715,000</u>	<u>4,891,386</u>
<b>Net assets - end of year</b>	<b><u>\$ 4,045,498</u></b>	<b><u>\$ 1,198,914</u></b>	<b><u>\$ 5,244,412</u></b>

See accompanying notes.

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

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 935,734	\$ 1,894,950	\$ 2,830,684
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
	<hr/>	<hr/>	<hr/>
Total support and revenue	3,099,690	1,894,950	4,994,640
<b>EXPENSES AND LOSSES</b>			
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
	<hr/>	<hr/>	<hr/>
Total expenses	4,878,457	-	4,878,457
Loss on equipment disposal	23,423	-	23,423
	<hr/>	<hr/>	<hr/>
Total expenses and losses	4,901,880	-	4,901,880
Net assets released from restrictions	1,910,287	(1,910,287)	-
	<hr/>	<hr/>	<hr/>
<b>Change in net assets</b>	108,097	(15,337)	92,760
Net assets - beginning of year restated	4,068,289	730,337	4,798,626
	<hr/>	<hr/>	<hr/>
<b>Net assets - end of year restated</b>	<u>\$ 4,176,386</u>	<u>\$ 715,000</u>	<u>\$ 4,891,386</u>

See accompanying notes.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years ended June 30, 2018 and 2017

	Program Services					Supporting Activities		Total
	Taft Location	Allied Location	TOPS	College Clubs	Regional Clubs	Management and General	Fundraising	
Salary and benefits	\$ 476,833	\$ 562,874	\$ 1,008,146	\$ 159,377	\$ 65,774	\$ 460,941	\$ 418,851	\$ 3,152,796
Program supplies and services	63,619	64,861	230,300	48,776	5,125	9,920	594	423,195
Professional fees	58,509	10,260	137,793	9,811	8,640	102,110	45,946	373,069
Office, operations and occupancy	102,749	107,903	27,765	1,693	5,927	169,987	49,280	465,304
Contribution expense	-	29,321	-	-	-	-	-	29,321
Outreach and marketing	51	-	-	-	367	29	98,044	98,491
Events	67	44	20,149	3,901	6,745	-	308,674	339,580
Conferences, travel and training	1,324	680	9,337	702	2,275	25,559	9,948	49,825
Depreciation	85,930	77,647	-	-	-	25,132	-	188,709
Insurance	-	-	-	-	-	27,956	-	27,956
<b>Total expenses - 2018</b>	<b>\$ 789,082</b>	<b>\$ 853,590</b>	<b>\$ 1,433,490</b>	<b>\$ 224,260</b>	<b>\$ 94,853</b>	<b>\$ 821,634</b>	<b>\$ 931,337</b>	<b>\$ 5,148,246</b>

	Program Services					Supporting Activities		Total
	Taft Location	Allied Location	TOPS	College Clubs	Management and General	Fundraising	Total	
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	305,224	79,196	78,018	1,826	501,399	
Professional fees	55,877	16,006	133,814	5,799	69,192	73,642	354,330	
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	
<b>Total expenses - 2017</b>	<b>\$ 716,840</b>	<b>\$ 704,101</b>	<b>\$ 1,607,543</b>	<b>\$ 351,224</b>	<b>\$ 710,054</b>	<b>\$ 788,695</b>	<b>\$ 4,878,457</b>	

See accompanying notes.



**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years ended June 30, 2018 and 2017

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 353,026	\$ 92,760
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	188,709	178,959
Donated website development	-	(75,967)
Loss on equipment disposal	-	23,423
Amortization of discount on unconditional promises to give	17,460	(248)
Contributions received in donation of regional clubs	(53,492)	-
(Increase) decrease in assets		
Restricted cash	8,533	2,289
Grants receivable	(14,203)	(149,893)
Other receivables	(6,877)	17,860
Unconditional promises to give	(142,541)	(303,726)
Prepaid expenses	(52,345)	2,195
Deferred leasehold incentive	(33,467)	-
Increase (decrease) in liabilities		
Accounts payable	6,935	57,935
Accrued payroll and taxes	(41,083)	153,194
Deferred revenue	-	(1,525)
Promises to give payable	(22,024)	(6,635)
Funds held for others	83,222	4,134
<b>Net cash flows from operating activities</b>	<b>291,853</b>	<b>(5,245)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(47,736)	(140,912)
Transfers to agency endowments	(14,000)	(14,500)
Investment return retained in agency endowments	(23,594)	(30,552)
Distributions from agency endowments	9,278	-
Interest retained in certificates of deposit	(377)	(752)
Cash received from acquisition of regional clubs, net of liabilities assumed	53,492	-
<b>Net cash flows from investing activities</b>	<b>(22,937)</b>	<b>(186,716)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on note payable	(13,043)	(14,735)
<b>Net cash flows from financing activities</b>	<b>(13,043)</b>	<b>(14,735)</b>
Net change in cash	255,873	(206,696)
Cash - beginning of year	740,934	947,630
<b>Cash - end of year</b>	<b>\$ 996,807</b>	<b>\$ 740,934</b>

See accompanying notes.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017

---

---

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 reports 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, 2018 and 2017

---

---

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 1<sup>st</sup> through 12<sup>th</sup> grade students that is built on a foundation of academic monitoring, tutoring and case management. Regional clubs provide various enrichment programs in Walworth County and Fort Atkinson locations. Supporting activities consist of

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017

---

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 October 19, 2018, 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 – CONCENTRATION OF CREDIT RISK

The Club maintains its cash balances in six financial institutions located in Madison, Wisconsin and one financial institution in Fort Atkinson, Wisconsin. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Club’s uninsured cash balance at June 30, 2018 is \$239,805. At June 30, 2017, the Club’s cash balances were fully insured with federal depository insurance.

NOTE 3 – RESTRICTED CASH

Restricted cash at June 30, 2018 and 2017 is available to fund scholarships for students from economically disadvantaged families.

NOTE 4 – PROMISES TO GIVE

Unconditional promises at June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Amounts due in:		
Less than one year	\$ 631,646	\$ 675,740
One to five years	360,528	173,893
Fair value	992,174	849,633
Unamortized discount at 5.63% and 5.33%	<u>(18,618)</u>	<u>(1,158)</u>
Unconditional promises to give	<u>\$ 973,556</u>	<u>\$ 848,475</u>

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017

---

NOTE 4 – PROMISES TO GIVE (continued)

Unconditional promises to give include the value of facilities donated in connection with a long-term lease (see note 18). 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, 2018 and 2017 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 2018 and 2017 from the donor upon meeting the conditions. The Club will receive \$700,000 from the donor in the year ending June 30, 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, 2018 and 2017 that is conditional based on meeting program outcomes. The Club received \$200,000 in 2018 and 2017 from the donor upon meeting the outcomes. The Club will receive \$200,000 from the donor in each year ending June 30, 2019 and 2020 upon meeting program outcomes.

The Club has a promise to give from a donor for future periods at June 30, 2018 and 2017 that is conditional based on meeting membership goals. The Club received \$10,000 in 2018 and 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 5 – DEFERRED LEASEHOLD INCENTIVE

In February 2018, the Club entered into a one-year agreement with Madison Dental Initiative for space to operate a dental clinic. The Club is providing the space free of charge and incurred buildout costs of \$57,372 which is amortized over the agreement and recognized as program service expense in the statement of activities. Fair value is estimated at \$9,285 per year based on the Madison Metro area rental rate per square foot.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 273,200	\$ 273,200
Buildings and improvements	4,172,897	4,158,170
Leasehold improvements	6,967	6,967
Equipment	892,748	841,503
Vehicles	<u>274,662</u>	<u>275,462</u>
Property and equipment	5,620,474	5,555,302
Less accumulated depreciation	<u>1,995,712</u>	<u>1,807,103</u>
Property and equipment - net	<u>\$ 3,624,762</u>	<u>\$ 3,748,199</u>

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017

---

NOTE 7 – 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.

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, 2018 and 2017, the Club has designated \$288,026 and \$259,710 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:

	2018	2017
Board-designated endowment fund—beginning of year	\$ 259,710	\$ 214,658
Transfers to agency endowment	14,000	14,500
Distributions	(9,278)	-
Net investment activity	23,594	30,552
Board-designated endowment fund—end of year	\$ 288,026	\$ 259,710

NOTE 8 – ENDOWMENT FUNDS AT FOUNDATIONS

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

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017

---

NOTE 8 – ENDOWMENT FUNDS AT FOUNDATIONS (continued)

monitors the changing needs of the community. Therefore, the Bolz Fund is not included in the Club's financial statements.

Distributions of \$9,604 was received during the year ended June 30, 2018 from the Bolz Fund. The fair value at June 30, 2018 and 2017 of the Bolz Fund was \$117,118 and \$116,483.

The Fort Atkinson Boys and Girls Club Fund is a component fund of the Fort Atkinson Community Foundation to be used to support the Club's mission.

The Fort Atkinson Community Foundation, as a charitable trust, serves the mutual interests of the Fort Atkinson area 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 Fort Atkinson 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 Fort Atkinson Boys and Girls Club Fund is not included in the Club's financial Statements.

Distributions were not received during the period from acquisition of the Fort Atkinson Club through year end. The fair value at June 30, 2018 of the Fort Atkinson Boys and Girls Club Fund was \$258,252.

NOTE 9 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2018 and 2017 are as follows:

	<u>Fair Value</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Beneficial interest in assets held by MCF - 2018	<u>\$ 288,026</u>	<u>\$ 288,026</u>
Beneficial interest in assets held by MCF - 2017	<u>\$ 259,710</u>	<u>\$ 259,710</u>

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.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

---

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

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

	2018	2017
Beginning balance	\$ 259,710	\$ 214,658
Change in value of beneficial interest included in change in net assets	23,594	30,552
Purchases	14,000	14,500
Distributions	(9,278)	-
Ending balance	\$ 288,026	\$ 259,710

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 10 – PROMISES TO GIVE PAYABLE

Promises to give payable at June 30, 2018 and 2017 consists of scholarships payable of \$78,877 and \$106,317 and promises to give payable of \$5,416 and \$0.

NOTE 11 – NOTE PAYABLE

In August 2016 the Club financed \$69,000 of vehicle purchases with a five year promissory note at 5%, due in monthly installments of \$1,290, and secured by the vehicles. Future minimum principal payments for the years ending June 30, 2019 through 2022 are \$13,555, \$14,255, \$14,998, and \$2,580.

Interest expense for the years ended June 30, 2018 and 2017 was \$2,354 and \$2,156.

NOTE 12 – 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, 2018 and 2017.

NOTE 13 – 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



**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017

NOTE 13 – DEFERRED LOANS (continued)

amount due to the City of Madison is the greater of \$448,450 or 14.37% of the fair value of the property.

NOTE 14 – REGIONAL CLUBS

On April 9, 2018, the Club acquired Fort Atkinson and Walworth County clubs in order to increase operational efficiency and quality of programs. The Club received \$25,954 in cash and \$4,320 in accounts payable from the Fort Atkinson Club and \$36,178 in cash and \$4,320 in accounts payable from Walworth County Club.

NOTE 15 – SUBSEQUENT EVENTS

In August 2018, the Club entered into an agreement with Findorff to remodel the kitchen at the Taft location for approximately \$225,000.

On October 15, 2018 the Fort Atkinson Club dissolved from the Club. The Fort Atkinson Club will be reimbursing all general and payroll expenses from the time of the acquisition to through the dissolution date for a total of \$130,457.

NOTE 16 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2018 and 2017 are available for the purposes and periods:

	2018	2017
<b>Purpose Restrictions</b>		
Teens of Promise Program	\$ 190,000	\$ 217,818
College Club	53,000	44,000
Mindfulness	30,438	-
Washington D.C. trip	40,490	-
Skilled trade center	124,030	-
Collaborative Workforce Development Program	67,014	115,000
Administrative office rental	303,730	134,283
United Way - Middle/High School After School	25,629	41,907
United Way - Elementary After School	15,000	23,722
Fitness and nutrition programming	-	46,806
Kitchen remodel	227,517	-
Capacity building	20,000	-
Penn Park event	10,546	-
Martial arts	10,000	-
Money matters	5,000	-
Music matters	5,000	-
<b>Time Restrictions</b>		
For subsequent years	71,520	91,464
Temporarily restricted net assets	\$ 1,198,914	\$ 715,000

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018 and 2017

NOTE 17 – DONATED SERVICES

Donated services for the years ended June 30, 2018 and 2017 included as contributions in the statement of activities and the expenses included in the statements of functional expenses are as follows:

	<u>2018</u>	<u>2017</u>
Maintenance - Taft and Allied locations	\$ 32,000	\$ 60,000
Legal - Management and general	5,658	12,124
Advertising	75,000	89,603
Entertainment	1,500	-
	<u>\$ 114,158</u>	<u>\$ 161,727</u>

NOTE 18 – 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 expires on May 31, 2020. A verbal promise to give was received that extends the agreement until May 31, 2022. Fair value was determined based on the Madison Metro area rental rate per square foot. Fair value is estimated at \$568,800 based on the present value using a discount rate of 5.63%. The balance of \$303,730 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, 2018 and 2017 was \$81,494 and \$78,888.

NOTE 19 – 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 2018 and 2017 were 10% of the employees' annual compensation. Retirement expense for the years ended June 30, 2018 and 2017 was \$148,202 and \$111,094.

NOTE 20 – SUPPLEMENTAL CASH FLOW DISCLOSURES

	<u>2018</u>	<u>2017</u>
Cash paid for interest	\$ 2,354	\$ 2,156
Noncash investing and financing transactions		
Donated website development	-	75,967
Acquisition of equipment with accounts payable	17,536	-
Acquisition of vehicles		
Cost of vehicles, net of trade-in	\$ -	\$ 116,165
Loss on trade-in	-	23,423
Vehicle loan	-	(69,000)
	<u>\$ -</u>	<u>\$ 70,588</u>
Acquisition of regional clubs		
Fair value of assets acquired	\$ 62,132	\$ -
Liabilities assumed	(8,640)	-
	<u>\$ 53,492</u>	<u>\$ -</u>
Contributions received in acquisition of regional clubs	<u>\$ 53,492</u>	<u>\$ -</u>

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

---

NOTE 21 – PRIOR PERIOD ADJUSTMENT

During 2018, it was found that unconditional promises to give were understated. This caused a restatement of the June 30, 2017 Statements of Financial Position and Statement of Activities as follows:

	Previously Reported	Change	Restated Totals
Unconditional promises to give	\$ 689,975	\$ 158,500	\$ 848,475
Contributions	2,749,184	81,500	2,830,684
Change in net assets	11,260	81,500	92,760
Temporarily restricted net assets - beginning of the year	653,337	77,000	730,337