

**GREAT FUTURES START [HERE](#).**



**BOYS & GIRLS CLUB  
OF DANE COUNTY**

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

**FINANCIAL STATEMENTS**

**June 30, 2020 and 2019**

## CONTENTS

Independent Auditor's Report .....	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses .....	6
Statements of Cash Flows .....	8
Notes to Financial Statements .....	10

## 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, 2020 and 2019, 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.

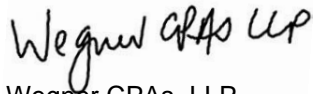
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***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, 2020 and 2019, 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.

**Adoption of New Accounting Pronouncement**

As discussed in Note 1 to the financial statements, Boys and Girls Club of Dane County, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued clarifying ASUs and ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of January 1, 2019. Our opinion is not modified with respect to this matter.



Wegner CPAs, LLP  
Madison, Wisconsin  
November 20, 2020

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
Cash	\$ 1,789,991	\$ 317,019
Accounts receivable	24,147	38,641
Unconditional promises to give, net		
Federated campaigns	55,823	88,538
Related organization	523,398	-
Government grants	129,642	112,259
Inkind	156,583	232,350
Individuals, corporations, foundations	764,880	690,757
Prepaid expenses	42,362	17,995
Investments	63,330	-
Property and equipment, net	6,448,647	5,030,631
Beneficial interest in charitable lead annuity trust	798,945	845,082
Beneficial interest in assets held by Madison Community Foundation	308,151	312,074
<b>Total assets</b>	<b>\$ 11,105,899</b>	<b>\$ 7,685,346</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 135,321	\$ 168,388
Accrued payroll and taxes	327,310	119,168
Accrued interest	32,194	3,598
Promises to give payable	48,344	71,974
Deferred revenue	-	1,500
Funds held for others	393,658	133,012
Notes payable, net	2,739,194	960,820
Deferred loans	655,261	655,261
<b>Total liabilities</b>	<b>4,331,282</b>	<b>2,113,721</b>
<b>NET ASSETS</b>		
Without donor restrictions	4,137,545	3,815,068
With donor restrictions	2,637,072	1,756,557
<b>Total net assets</b>	<b>6,774,617</b>	<b>5,571,625</b>
<b>Total liabilities and net assets</b>	<b>\$ 11,105,899</b>	<b>\$ 7,685,346</b>

See accompanying notes.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Contributions			
Federated campaigns	\$ -	\$ 330,374	\$ 330,374
Related organization	-	1,173,398	1,173,398
Government grants	-	521,638	521,638
Inkind	229,041	-	229,041
Individuals, corporations, foundations	884,719	3,305,713	4,190,432
Fundraising events	492,320	-	492,320
Inkind fundraising events	190,411	-	190,411
Fees	451,737	-	451,737
Change in beneficial interest in assets held by Madison Community Foundation	(5,300)	-	(5,300)
Investment return, net	4,203	-	4,203
Interest	71	-	71
Miscellaneous	11,101	-	11,101
<b>Total revenues</b>	<b>2,258,303</b>	<b>5,331,123</b>	<b>7,589,426</b>
<b>EXPENSES</b>			
Program services			
Taft location	778,626	-	778,626
Allied location	886,046	-	886,046
TOPS	1,405,390	-	1,405,390
College clubs	220,211	-	220,211
Regional clubs	588,421	-	588,421
Community support	666,642	-	666,642
Supporting activities			
Management and general	897,117	-	897,117
Fundraising	943,981	-	943,981
<b>Total expenses</b>	<b>6,386,434</b>	<b>-</b>	<b>6,386,434</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of purpose restrictions	4,188,232	(4,188,232)	-
Expiration of time restrictions	262,376	(262,376)	-
<b>Total net assets released from restrictions</b>	<b>4,450,608</b>	<b>(4,450,608)</b>	<b>-</b>
<b>Change in net assets</b>	<b>322,477</b>	<b>880,515</b>	<b>1,202,992</b>
Net assets at beginning of year	3,815,068	1,756,557	5,571,625
<b>Net assets at end of year</b>	<b>\$ 4,137,545</b>	<b>\$ 2,637,072</b>	<b>\$ 6,774,617</b>

See accompanying notes.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Contributions			
Federated campaigns	\$ -	\$ 191,104	\$ 191,104
Related organization	-	700,000	700,000
Government grants	1,049,731	-	1,049,731
Inkind	157,396	-	157,396
Individuals, corporations, foundations	235,656	2,403,458	2,639,114
Fundraising events	666,863	-	666,863
Inkind fundraising events	198,250	-	198,250
Fees	463,330	-	463,330
Change in beneficial interest in assets held by Madison Community Foundation	24,048	-	24,048
Interest	2,166	-	2,166
Miscellaneous	15,926	-	15,926
<b>Total revenues</b>	<b>2,813,366</b>	<b>3,294,562</b>	<b>6,107,928</b>
<b>EXPENSES AND LOSSES</b>			
Program services			
Taft location	870,265	-	870,265
Allied location	964,456	-	964,456
TOPS	1,412,479	-	1,412,479
College clubs	274,154	-	274,154
Regional clubs	417,416	-	417,416
Supporting activities			
Management and general	914,050	-	914,050
Fundraising	901,608	-	901,608
<b>Total expenses</b>	<b>5,754,428</b>	<b>-</b>	<b>5,754,428</b>
Change in net assets before loss from discontinued operations	(2,941,062)	3,294,562	353,500
Loss from discontinued operations	26,287	-	26,287
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of purpose restrictions	2,515,030	(2,515,030)	-
Expiration of time restrictions	221,889	(221,889)	-
<b>Total net assets released from restrictions</b>	<b>2,736,919</b>	<b>(2,736,919)</b>	<b>-</b>
<b>Change in net assets</b>	<b>(230,430)</b>	<b>557,643</b>	<b>327,213</b>
Net assets at beginning of year	4,045,498	1,198,914	5,244,412
<b>Net assets at end of year</b>	<b>\$ 3,815,068</b>	<b>\$ 1,756,557</b>	<b>\$ 5,571,625</b>

See accompanying notes.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2020

	Program Services					Supporting Activities			Total Expenses
	Taft Location	Allied Location	TOPS	College Clubs	Regional Clubs	Community Support	Management and General	Fundraising	
Personnel	\$ 487,521	\$ 554,131	\$ 1,049,858	\$ 141,480	\$ 317,114	\$ 134,237	\$ 624,016	\$ 443,029	\$ 3,751,386
Supplies	30,476	33,668	123,597	51,758	52,084	36,497	22,709	165,671	516,460
Professional fees	5,273	6,591	109,081	18,379	5,546	609	87,350	92,606	325,435
Occupancy	41,985	56,093	23,977	2,396	16,706	3,507	45,340	51,511	241,515
Equipment and maintenance	61,204	96,023	3,499	350	35,405	512	610	5,167	202,770
Advertising	-	-	92	-	797	-	-	154,166	155,055
Conferences	1,352	1,447	14,353	602	1,169	112	-	1,123	20,158
Scholarships and contributions	-	-	35,422	-	-	448,589	-	-	484,011
Depreciation	101,453	82,052	-	-	50,100	-	32,272	-	265,877
Insurance	19,782	21,691	16,848	2,198	10,971	227	12,924	6,918	91,559
Travel	5,845	17,381	7,786	1,250	4,548	690	4,488	6,210	48,198
Dues and subscriptions	5,850	7,022	20,409	1,737	7,294	578	-	4,979	47,869
Food and beverages	16,361	9,735	-	-	4,566	41,064	250	12,439	84,415
Miscellaneous	1,349	-	-	-	-	-	25,881	-	27,230
Bad debt	-	-	-	-	-	-	38,664	-	38,664
Interest	174	213	468	61	82,121	20	2,613	162	85,832
<b>Total expenses</b>	<b>\$ 778,626</b>	<b>\$ 886,046</b>	<b>\$ 1,405,390</b>	<b>\$ 220,211</b>	<b>\$ 588,421</b>	<b>\$ 666,642</b>	<b>\$ 897,117</b>	<b>\$ 943,981</b>	<b>\$ 6,386,434</b>

See accompanying notes.



**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2019

	Program Services					Supporting Activities		Total Expenses
	Taft Location	Allied Location	TOPS	College Clubs	Regional Clubs	Management and General	Fundraising	
Personnel	\$ 503,070	\$ 592,831	\$ 982,734	\$ 187,871	\$ 299,883	\$ 532,775	\$ 459,046	\$ 3,558,210
Supplies	85,361	52,921	150,994	30,053	32,401	11,077	145,687	508,494
Professional fees	24,154	37,347	166,544	49,342	14,937	153,170	74,285	519,779
Occupancy	44,266	60,923	27,227	1,735	9,246	43,412	66,450	253,259
Equipment and maintenance	68,552	65,210	6,534	286	6,139	328	7,707	154,756
Advertising	980	-	-	19	9,680	-	124,916	135,595
Conferences	92	96	12,108	264	716	13,381	904	27,561
Scholarships and contributions	-	28,051	35,918	-	-	-	-	63,969
Depreciation	97,554	80,437	-	-	3,918	32,006	-	213,915
Insurance	5,471	6,197	19,097	2,676	5,915	40,077	12,426	91,859
Travel	13,819	15,288	10,787	1,736	4,024	2,308	7,497	55,459
Dues and subscriptions	2,595	2,605	-	-	1,641	32,455	1,053	40,349
Food and beverages	22,617	22,054	-	-	1,968	-	1,500	48,139
Miscellaneous	1,278	-	-	-	-	14,518	-	15,796
Bad debt expense	-	-	-	-	-	37,807	-	37,807
Interest	456	496	536	172	26,948	736	137	29,481
<b>Total expenses</b>	<b>\$ 870,265</b>	<b>\$ 964,456</b>	<b>\$ 1,412,479</b>	<b>\$ 274,154</b>	<b>\$ 417,416</b>	<b>\$ 914,050</b>	<b>\$ 901,608</b>	<b>\$ 5,754,428</b>

See accompanying notes.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2020 and 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,202,992	\$ 327,213
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Amortization of discount on unconditional promises to give	(6,380)	(10,439)
Net realized and unrealized gains on investments	(4,203)	-
Donated investments	(308,784)	-
Depreciation	265,877	213,915
Loss on disposal of assets	1,349	1,278
Donated property and equipment	(48,014)	(97,833)
Change in value of assets held at Madison Community Foundation	3,923	(24,048)
Loss on discontinued operations	-	26,286
Amortization of deferred leasehold incentive	-	33,467
Imputed interest on notes payable	-	(34,770)
Amortization of imputed interest on notes payable	7,451	-
Contributions restricted for long-term purposes	(604,365)	(57,500)
(Increase) decrease in assets		
Accounts receivable	14,494	(6,440)
Unconditional promises to give	(500,042)	128,696
Prepaid expenses	(24,367)	39,751
Beneficial interest in charitable lead annuity trust	(92,203)	(845,082)
Increase (decrease) in liabilities		
Accounts payable	(33,067)	38,634
Accrued payroll and taxes	208,142	(155,622)
Accrued interest	28,596	3,598
Promises to give payable	(23,630)	(12,319)
Deferred revenue	(1,500)	1,500
Funds held for others	260,646	41,864
Net cash flows from operating activities	346,915	(387,851)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from maturities of certificates of deposit	-	251,373
Proceeds from sale of investments	249,657	-
Purchases of property and equipment	(543,749)	(743,229)
Distributions from beneficial interest in charitable lead annuity trust	138,340	-
Cash paid on discontinued operations	-	(32,662)
Net cash flows from investing activities	(155,752)	(524,518)

See accompanying notes.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2020 and 2019

	2020	2019
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes payable	741,675	190,000
Payments on notes payable	(55,299)	(13,027)
Payments for debt issuance costs	(8,932)	(6,771)
Contributions restricted for long-term purposes	604,365	57,500
<b>Net cash flows from financing activities</b>	<b>1,281,809</b>	<b>227,702</b>
Net change in cash	1,472,972	(684,667)
Cash at beginning of year	317,019	1,001,686
<b>Cash at end of year</b>	<b>\$ 1,789,991</b>	<b>\$ 317,019</b>
<b>SUPPLEMENTAL INFORMATION</b>		
Cash paid for interest	\$ 47,379	\$ 25,883
Noncash investing and financing transactions		
Acquisition of property		
Cost of property	\$ -	\$ 1,225,000
Notes payable	-	(780,000)
Renovation of property		
Cost of renovations	1,093,479	-
Notes payable	(1,093,479)	-
Cash payment for property	<b>\$ -</b>	<b>\$ 445,000</b>

See accompanying notes.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019

---

---

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

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., 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.

**Accounts Receivable**

Accounts receivable represent amounts owed by individuals and organizations. Accounts receivable are stated at the amount management expects to be collected from the outstanding balance. At June 30, 2020 and 2019, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

**Promises to Give**

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. 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 more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

**Investments**

The Club reports investments in mutual funds with readily determinable fair values at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

**Property and Equipment**

All acquisitions of property and equipment in excess of \$1,000 are capitalized except for computers and IT equipment which are expensed. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019

---

---

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)

**Contributions**

All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Donated Assets, Services, and Facilities**

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Club reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Club reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

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 the 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.

**Government Grants**

The Club receives grants from government agencies and others that are conditioned upon the Club incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by the Club, both a receivable from the grantor agency and revenue are recorded. Grants are also generally restricted by the grantor for a specified purpose.

**Fees**

The Club provides membership and program services, internships, facility rentals, transportation, and preschool and childcare services. Revenue is recognized at the point in time when the Club provides the particular service.

**Expense Allocation**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019

---

---

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)

basis that is consistently applied. The expenses that are allocated include personnel, supplies, professional fees, occupancy, conferences, insurance, and travel, which are allocated on the basis of estimates of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

*Taft Location*—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 by working with children from elementary school age through high school age at their Taft Location.

*Allied Location*—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 by working with children from elementary school age through high school age at their Allied Location.

*Teens of Promise (TOPS)*—provides services to high school students to prepare them for college and to make it more affordable.

*College Clubs*—provides college prep services 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*—provides various enrichment programs in Walworth County and Sun Prairie by working with children from elementary school age through middle school age.

*Community Support*—On March 16, 2020, the Club temporarily closed its locations to the public and was unable to provide in-person childcare or after school programming due to the COVID-19 pandemic. The Club repurposed our buildings to provide educational supplies, personal protective equipment, and meals to community members.

*Management and general*—provides the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Club's program strategy through the office of the president; secure proper administrative functioning of the board of directors; maintain competent legal services for the program administration of the Club; and manage the financial and budgetary responsibilities of the Club.

*Fundraising*—provides the structure necessary to encourage and secure private financial support individuals, corporations, and foundations.

**Advertising**

The Club expenses advertising costs as they are incurred.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019

---

---

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)

**Adoption of New Accounting Guidance**

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs supersedes the revenue recognition requirements and most industry-specific guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Club adopted the requirements of the new guidance as of July 1, 2019, using the modified retrospective method of transition. In applying the new guidance, the Club elected to use the practical expedient that allows the guidance to be applied only to contracts that were not complete as of July 1, 2019.

The majority of the Club's revenue is recognized at a point in time based on the transfer of control. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of the Club's contracts do not contain variable consideration and contract modifications are generally minimal.

The adoption of the new guidance did not have a significant impact on the Club's financial statements. The majority of the Club's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on the Club's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new guidance.

Also, on June 21, 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions (that is, revenue from contracts with customers) or contributions. The ASU also assists entities in determining whether a contribution is conditional. The Club adopted the requirements of the ASU as of July 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of July 1, 2019, or entered into after that date. As a result, most government grants accounted for as exchange transactions under previous guidance are now accounted for as conditional contributions.

**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.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020 and 2019

---

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)

**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.

**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 20, 2020, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATION OF CREDIT RISK DUE TO TEMPORARY CASH INVESTMENTS AND UNCONDITIONAL PROMISES TO GIVE

The Club maintains its cash balances in six financial institutions located in Madison, Wisconsin and one financial institution in Delavan, Wisconsin. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2020 and 2019, the Club’s uninsured cash balances total approximately \$1,530,000 and \$52,000, respectively.

Concentrations of credit risk with respect to unconditional promises to give are limited due to the number of contributors comprising the Club’s contributor base. Substantially all contributors are located in Wisconsin. As of June 30, 2020 and 2019 approximately 50% and 20% of unconditional promises to give (\$945,378 and \$232,350) were due from 2 donors and a single donor, respectively.

NOTE 3 – PROMISES TO GIVE

Unconditional promises to give are as follows:

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 1,416,219	\$ 918,701
Receivable in one to five years	185,905	213,381
Receivable in more than five years	<u>30,000</u>	<u>-</u>
Total unconditional promises to give	1,632,124	1,132,082
Less discount at 5.33% to net present value	<u>(1,798)</u>	<u>(8,178)</u>
Unconditional promises to give, net	<u><u>\$ 1,630,326</u></u>	<u><u>\$ 1,123,904</u></u>



**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020 and 2019

---

**NOTE 3 – PROMISES TO GIVE (continued)**

Unconditional promises to give include the value of facilities donated in connection with a long-term lease (see note 4). 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 several grants that are conditioned upon the Club incurring qualifying expenses under the grant programs. At June 30, 2020, these conditional grants total approximately \$200,000. In addition, the Club has a grant that is conditioned upon the Club raising matching funds. At June 30, 2020, this conditional grant totals approximately \$627,000. These conditional grants will be recognized as revenue when the respective conditions are met in future years.

**NOTE 4 – 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. The Club is responsible for paying for all utility expenses. 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 \$156,583 and \$232,350 at June 30, 2020 and 2019, respectively is included in unconditional promises to give and net assets with donor restrictions in the statements of financial position. Lease expense for the years ended June 30, 2020 and 2019 was \$82,147 and \$81,820, respectively.

The Club estimates the use of the facility to have an annual fair value of \$82,476 and \$74,107 for the years ending June 30, 2021 and 2022, respectively. The unconditional promise to give receivable in more than one year has been discounted \$1,798 and \$8,178 for the years ended June 30, 2020 and 2019, respectively using a discount rate of 5.33% and is reflected at the present value of the estimated future fair value of the facility.

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 500,117	\$ 500,117
Buildings and improvements	6,810,501	5,349,241
Leasehold improvements	10,397	9,297
Equipment	906,793	768,214
Vehicles	310,075	274,662
Land improvements	81,580	-
Construction in progress	<u>32,118</u>	<u>76,071</u>
Property and equipment	8,651,581	6,977,602
Less accumulated depreciation	<u>2,202,934</u>	<u>1,946,971</u>
Property and equipment, net	<u><u>\$ 6,448,647</u></u>	<u><u>\$ 5,030,631</u></u>

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020 and 2019

---

**NOTE 6 – CHARITABLE LEAD ANNUITY TRUST**

During 2019, a donor established a trust with a local bank naming the Club one of twenty eligible charitable organizations of a charitable lead annuity trust. Under terms of the split-interest agreement, the Club is to receive a one-time distribution of \$42,727 and \$95,613 annually for the next 10 years for its unrestricted use. The present value of the estimated future payments expected to be received by the Club at June 30, 2020 and 2019 of \$798,945 and \$845,082 is calculated using a discount rate of 0.6% and 2.8%, respectively.

**NOTE 7 – ENDOWMENT**

At June 30, 2020 and 2019, the Club’s board of directors has designated \$308,151 and \$312,074, respectively, of net assets without donor restrictions as a general endowment fund to support the mission of Club. Since those amounts resulted from an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions.

The Club established a fund at Madison Community Foundation (Foundation) to invest its endowment assets. The agreement between the Club and the Foundation states that the transfer of assets is irrevocable and that the transferred assets will not be returned to the Club. However, the Foundation will make annual distributions of the income earned on the fund subject to the Foundation’s spending policy. The agreement also grants variance power to the Foundation, which permits the Foundation to substitute another beneficiary in place of the Club if the Club ceases to exist or if the Foundation’s board of governors votes that support of the Club either is no longer necessary or is inconsistent with the needs of the community.

The Foundation’s primary investment goal is to deliver long-term investment returns sufficient to cover both spending and inflation to preserve the purchasing power of the investment portfolio. The Foundation seeks to achieve this goal through cost-effective implementation at an appropriate level of risk, diversification of asset classes and strategies to provide consistent returns, capital preservation in down market cycles to provide stability in spending support, and long-term capital appreciation through the incorporation of risk-based assets, including nonmarketable, illiquid alternatives.

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

	2020	2019
Board-designated endowment net assets at beginning of year	\$ 312,074	\$ 288,026
Change in value of beneficial interest	(3,923)	24,048
Board-designated endowment net assets at end of year	\$ 308,151	\$ 312,074

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019

NOTE 8 – COMPONENT FUNDS AT FOUNDATION

The 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 Foundation variance power that allows it to modify the donors' stipulations under certain circumstances as it monitors the changing needs of the community. Therefore, these funds are not included in the Club's financial statements. The Club received distributions totaling \$15,591 and \$14,379 during the years ended June 30, 2020 and 2019, respectively. The value of the component funds at the Foundation held for the benefit of the Club totals \$119,778 and \$124,380, respectively at June 30, 2020 and 2019.

NOTE 9 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis are as follows:

	Assets at Fair Value as of June 30, 2020		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 63,330	\$ 63,330	\$ -
Beneficial interest in assets held by Madison Community Foundation	308,151	-	308,151
Beneficial interest in charitable lead annuity trust	798,945	-	798,945
Total	\$ 1,170,426	\$ 63,330	\$ 1,107,096
	Assets at Fair Value as of June 30, 2019		
	Fair Value	Significant Unobservable Inputs (Level 3)	
Beneficial interest in assets held by Madison Community Foundation	\$ 312,074	\$ 312,074	
Beneficial interest in charitable lead annuity trust	845,082	845,082	
	\$ 1,157,156	\$ 1,157,156	

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020 and 2019

---

NOTE 9 – FAIR VALUE MEASUREMENTS (continued)

The Club's beneficial interest in assets held by the Foundation represents an agreement between the Club and the Foundation in which the Club transfers assets to the Foundation 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 based on the fair value of the underlying assets as reported to the Club by the Foundation. Little information about those assets is released publicly. The estimated fair value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

Fair value for the beneficial interest in charitable lead annuity trust is based on the present value of the estimated future payments using an appropriate risk-adjusted discount rate. The Club remeasures the fair value of its beneficial interest in the charitable lead annuity trust annually and adjusts the measurement inputs based on statements received from the trustee, market conditions, and other relevant data.

The following table presents a reconciliation from the beginning balance to the ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs:

	Beneficial interest in assets held at Madison Community Foundation	Beneficial interest in charitable lead annuity trust
	<u>                    </u>	<u>                    </u>
Balance as of July 1, 2018	\$ 288,026	\$ -
Change in value of beneficial interest	24,048	-
Additions	<u>-</u>	<u>845,082</u>
Balance as of June 30, 2019	312,074	845,082
Change in value of beneficial interest	(3,923)	92,203
Distributions	<u>-</u>	<u>(138,340)</u>
Balance as of June 30, 2020	<u>\$ 308,151</u>	<u>\$ 798,945</u>

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020 and 2019

**NOTE 10 – PROMISES TO GIVE PAYABLE**

Promises to give payable at June 30, 2020 and 2019 consists of scholarships payable of \$48,344 and \$71,974, respectively.

Future minimum payments for the years ending June 30:

2021	\$	26,130
2022		22,214
		22,214
Total	\$	48,344

**NOTE 11 – NOTES PAYABLE**

The Club's obligations under notes payable consists of the following:

	2020	2019
4% note payable, due in monthly installments of \$1,290, including interest, through August 16, 2021, secured by the vehicles.	\$ 17,577	\$ 31,877
Commercial-revolving draw arrangement with an area bank, with interest at the prime rate (not less than 5%), through August 8, 2024. The revolving draw limit is \$300,000.	-	40,000
6.15% note payable, due in monthly installments of \$5,696 beginning in February 2020, including interest with a balloon payment of \$642,937 due on maturity date January 4, 2026, secured by the property.	776,595	780,000
0% note payable, due in full on March 5, 2024, secured by assignment of rents and all equipment, fixtures, and inventory.	150,000	150,000
5% construction note payable, interest only payments beginning September 2019, due in monthly installments of \$6,737 beginning in September 2020, including interest with a balloon payment of \$983,716 due on maturity date August 20, 2024, secured by the property.	1,093,479	-
1% Paycheck Protection Program loan, due in monthly installments of \$41,739 beginning in August 2021, including interest, unsecured, guaranteed by Small Business Administration. Loan may be subject to forgiveness under the Coronavirus Aid, Relief, and Economic Securities Act.	741,675	-
Notes payable	2,779,326	1,001,877
Less discount	(27,319)	(34,770)
Less unamortized debt issuance costs	(12,813)	(6,287)
Notes payable, net	\$ 2,739,194	\$ 960,820

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020 and 2019

---

NOTE 11 – NOTES PAYABLE (continued)

The future scheduled maturities of notes payable are as follows for the years ending June 30:

2021	\$ 57,124
2022	505,689
2023	339,245
2024	204,462
2025	1,012,631
Thereafter	660,175
 Total	 \$ 2,779,326

The interest-free note has been discounted to reflect the Club's incremental borrowing rate of 5.5%. The discount has been recorded as a contribution with donor restrictions in the statements of activities. Amortization of the discount is reported as interest expense in the statements of functional expenses.

Amortization of the debt issuance costs is reported as interest expense in the statements of functional expenses.

Notes payable totaling \$2,611,749 and \$780,000 or 94% and 78%, respectively as of June 30, 2020 and 2019 is payable to a local bank.

NOTE 12 – 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 13 – DISCONTINUED OPERATIONS

On October 15, 2018 the Fort Atkinson Club dissolved from the Club in response to management and compliance issues. Assets of \$39,035 were written off resulting in a loss of \$26,286 on the statements of activities. Total operating cash flows of the discontinued operations for the year ended June 30, 2019 were \$54,838 and financing outflows for that period of \$32,662.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020 and 2019

NOTE 14 – NET ASSETS

Net assets without donor restrictions consists of the following:

	2020	2019
Undesignated	\$ 33,527	\$ 48,444
Designated for property and equipment	3,795,867	3,454,550
Designated for beneficial interest in assets held at Madison Community Foundation	308,151	312,074
Net assets without donor restrictions	\$ 4,137,545	\$ 3,815,068

Net assets with donor restrictions are available for the purposes and periods:

	2020	2019
<b>Purpose Restrictions</b>		
Teens of Promise Program	\$ 782,385	\$ 192,750
College Club	-	26,499
Washington D.C. trip	-	45,000
Skilled trades center/programming	95,000	95,000
Administrative office rental	156,583	232,350
United Way - Middle/High School After School	-	20,314
United Way - Elementary After School	7,500	20,314
Martial arts	-	8,100
Money matters	2,500	5,000
Behavioral health	-	15,104
Junior Staff	24,625	14,262
Dance program	15,540	9,450
Walworth County STEM	10,000	10,000
Special projects	-	1,841
Staff incentives	3,836	1,567
Teen technology	-	5,000
Sun Prairie location	60,208	98,900
Sports Academy	12,250	12,500
Moving expenses	6,085	6,085
COVID-19 relief	203,564	-
Climbing wall	132,000	-
Community resource specialist	17,264	-
DIY STEM	5,000	-
Financial literacy and workforce development	7,500	-
Internships	4,973	-
Peace keepers	8,051	-
College ready scholars	7,000	-
Racial and social justice	21,075	-
Other	4,960	-
<b>Time Restrictions</b>		
For subsequent years	1,049,173	936,521
Net assets with donor restrictions	\$ 2,637,072	\$ 1,756,557

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020 and 2019

**NOTE 15 – DONATED SERVICES**

Donated services included as contributions in the statements of activities and the expenses included in the statements of functional expenses are as follows:

	2020					
	Total	Taft Location	Allied Location	Regional Clubs	Fundraising	Management and General
Equipment and maintenance	\$ 33,200	\$ 11,867	\$ 10,666	\$ 10,667	\$ -	\$ -
Professional fees	2,850	-	-	-	2,250	600
Advertising	92,000	-	-	-	86,500	5,500
<b>Total</b>	<b>\$ 128,050</b>	<b>\$ 11,867</b>	<b>\$ 10,666</b>	<b>\$ 10,667</b>	<b>\$ 88,750</b>	<b>\$ 6,100</b>
	2019					
	Total	Taft Location	Allied Location	Regional Clubs	Fundraising	Management and General
Equipment and maintenance	\$ 26,655	\$ 12,000	\$ 13,155	\$ 1,500	\$ -	\$ -
Professional fees	1,525	-	-	-	-	1,525
Advertising	57,513	-	-	-	57,513	-
<b>Total</b>	<b>\$ 85,693</b>	<b>\$ 12,000</b>	<b>\$ 13,155</b>	<b>\$ 1,500</b>	<b>\$ 57,513</b>	<b>\$ 1,525</b>

Donated services for architectural and construction services of \$33,038 and \$37,450, respectively, were capitalized in the years ended June 30, 2020 and 2019.

**NOTE 16 – RELATED PARTY**

The following related party transactions occurred between the Club and its board members:

	2020	2019
Contributions	\$ 1,268,519	\$ 193,213
Inkind donations:		
Equipment and maintenance	46,000	42,500
Food and beverages	16,282	18,775
Professional fees	600	-
Advertising	83,500	132,513
<b>Total</b>	<b>\$ 1,414,901</b>	<b>\$ 387,001</b>

Direct giving by the board members and family members was \$1,268,519 and \$193,213 for the years ending June 30, 2020 and 2019 respectively. Goods and services provided by entities owned or managed by a board member were \$146,382 and \$193,788 for the years ending June 30, 2020 and 2019 respectively. Amounts due from board members of \$182,540 and \$90,850 as of June 30, 2020 and 2019, respectively, are reported as unconditional promises to give on the statements of financial position.



**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020 and 2019

NOTE 17 – 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 2020 and 2019 were 10% and 3%, respectively of the employees' annual compensation. Retirement expense for the years ended June 30, 2020 and 2019 was \$221,128 and \$10,967.

NOTE 18 – LIQUIDITY AND AVAILABILITY

The following table reflects the Club's financial assets as of the dates of the statements of financial position, reduced by amounts that are not available to meet cash needs for general expenditures within one year of the dates of the statements of financial position because of board-designations and contractual or donor imposed restrictions:

	2020	2019
Financial assets at year-end	\$ 4,614,890	\$ 2,636,720
Less those unavailable for general expenditures within one year due to:		
Board-designated endowment	(308,151)	(312,074)
Restricted by donor with purpose restrictions	(1,587,899)	(820,036)
Restricted by donor with time restrictions	(852,786)	(734,061)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 1,866,054	 \$ 770,549

The Club strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. As a non-profit, donor-funded organization, the Club receives significant contributions each year from donors on a regular basis, which are available to meet annual cash needs for general operating expenditures. Distributions from the beneficial interest assets held by the Foundation and charitable lead annuity trust are available for general expenditures. In the event of unanticipated liquidity needs, the Club also can draw up to \$300,000 of the available line of credit (as further discussed in Note 11).

NOTE 19 – SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. On March 24, 2020, the Governor of Wisconsin issued an order to close all nonessential businesses until further notice. The Club is considered a nonessential business under this order and, as a result, has furloughed several employees while other employees are working remotely. The extent of the continuing impact of the outbreak on the Club's operations will depend on certain developments, including the duration and spread of the outbreak. At this time, the duration of the outbreak and the related financial impact cannot be reasonably estimated.