

**GREAT FUTURES START **HERE.****



**BOYS & GIRLS CLUB  
OF DANE COUNTY**

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

**FINANCIAL STATEMENTS**

**June 30, 2021 and 2020**

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

### ***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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Prior Period Adjustment**

As described in note 18 to the financial statements, prior period adjustments resulting in the overstatement of net assets without donor restrictions and beneficial interest in assets held by Madison Community Foundation were discovered by management during the current year. Accordingly, an adjustment has been made to net assets as of the beginning of the year to correct the error. Our opinion is not modified with respect to this matter.



Wegner CPAs, LLP  
Madison, Wisconsin  
February 16, 2022

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2021 and 2020

	2021	2020
<b>ASSETS</b>		
Cash	\$ 1,453,267	\$ 1,789,991
Accounts receivable	26,069	24,147
Unconditional promises to give, net		
Federated campaigns	52,332	55,823
Related organization	-	523,398
Government grants	517,626	129,642
In-kind	119,049	156,583
Individuals, corporations, foundations	7,018,551	764,880
Prepaid expenses	266,871	42,362
Investments	1,490	63,330
Property and equipment, net	6,492,314	6,448,647
Beneficial interest in charitable lead annuity trust	692,234	798,945
Beneficial interest in assets held by Madison Community Foundation	223,386	183,982
<b>Total assets</b>	<b>\$ 16,863,189</b>	<b>\$ 10,981,730</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 159,093	\$ 135,321
Accrued payroll and taxes	343,192	327,310
Accrued interest	4,805	32,194
Promises to give payable	30,177	48,344
Funds held for others	231,325	393,658
Notes payable, net	2,013,861	1,997,519
PPP Loan	679,517	741,675
Deferred loans	655,261	655,261
<b>Total liabilities</b>	<b>4,117,231</b>	<b>4,331,282</b>
<b>NET ASSETS</b>		
Without donor restrictions	4,313,668	4,013,376
With donor restrictions	8,432,290	2,637,072
<b>Total net assets</b>	<b>12,745,958</b>	<b>6,650,448</b>
<b>Total liabilities and net assets</b>	<b>\$ 16,863,189</b>	<b>\$ 10,981,730</b>

See accompanying notes.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Contributions			
Federated campaigns	\$ 41,397	\$ 87,332	\$ 128,729
Government grants	-	1,158,524	1,158,524
In-kind	492,656	-	492,656
Individuals, corporations, foundations	468,040	8,167,119	8,635,159
Fundraising events	365,139	-	365,139
In-kind fundraising events	71,408	-	71,408
Paycheck Protection Program	741,675	-	741,675
Fees	66,191	-	66,191
Change in beneficial interest in assets held by Madison Community Foundation	46,350	-	46,350
Interest	497	-	497
Miscellaneous	9,663	-	9,663
<b>Total revenues</b>	<b>2,303,016</b>	<b>9,412,975</b>	<b>11,715,991</b>
<b>EXPENSES</b>			
Program services			
Taft location	702,917	-	702,917
Allied location	726,826	-	726,826
Education & career development	1,439,411	-	1,439,411
Regional clubs	929,881	-	929,881
Community engagement & support	176,666	-	176,666
Supporting activities			
Management and general	905,122	-	905,122
Fundraising	739,658	-	739,658
<b>Total expenses</b>	<b>5,620,481</b>	<b>-</b>	<b>5,620,481</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of purpose restrictions	192,069	(192,069)	-
Expiration of time restrictions	3,425,688	(3,425,688)	-
<b>Total net assets released from restrictions</b>	<b>3,617,757</b>	<b>(3,617,757)</b>	<b>-</b>
<b>Change in net assets</b>	<b>300,292</b>	<b>5,795,218</b>	<b>6,095,510</b>
Net assets at beginning of year - as restated	4,013,376	2,637,072	6,650,448
<b>Net assets at end of year</b>	<b>\$ 4,313,668</b>	<b>\$ 8,432,290</b>	<b>\$ 12,745,958</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
In-kind	229,041	-	229,041
Individuals, corporations, foundations	884,719	3,305,713	4,190,432
Fundraising events	492,320	-	492,320
In-kind 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 AND LOSSES</b>			
Program services			
Taft location	778,626	-	778,626
Allied location	886,046	-	886,046
Education & career development	1,625,601	-	1,625,601
Regional clubs	588,421	-	588,421
Community engagement & 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 - as restated	3,690,899	1,756,557	5,447,456
<b>Net assets at end of year - as restated</b>	<b>\$ 4,013,376</b>	<b>\$ 2,637,072</b>	<b>\$ 6,650,448</b>

See accompanying notes.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2021

	Program Services				Supporting Activities			Total Expenses
	Taft Location	Allied Location	Education & Career Development	Regional Clubs	Community Engagement & Support	Management and General	Fundraising	
Personnel	\$ 363,963	\$ 362,600	\$ 1,071,525	\$ 446,175	\$ -	\$ 697,283	\$ 501,231	\$ 3,442,777
Supplies	26,348	73,738	191,106	62,099	133,793	8,489	91,400	586,973
Professional fees	3,651	3,223	52,538	5,433	5,000	128,821	24,836	223,502
Occupancy	83,919	94,389	64,770	88,757	-	27,961	14,515	374,311
Equipment and maintenance	50,318	39,861	9,254	38,026	-	3,697	1,668	142,824
Advertising	-	6	318	1,039	407	43	78,190	80,003
Conferences	1,733	400	4,396	646	-	2,564	125	9,864
Scholarships and contributions	-	-	9,775	-	-	-	-	9,775
Depreciation	117,543	95,824	14,570	118,464	-	6,291	3,252	355,944
Insurance	14,314	13,264	3,877	8,768	-	1,672	866	42,761
Travel	383	1,024	433	6,187	-	2,438	487	10,952
Dues and subscriptions	1,998	1,847	10,566	3,862	-	2,231	2,091	22,595
Food and beverages	32,071	37,360	62	26,685	9,840	1,146	704	107,868
Miscellaneous	6,676	3,290	6,221	5,818	27,626	22,288	20,293	92,212
Bad debt	-	-	-	3,695	-	-	-	3,695
Interest	-	-	-	114,227	-	198	-	114,425
<b>Total expenses</b>	<b>\$ 702,917</b>	<b>\$ 726,826</b>	<b>\$ 1,439,411</b>	<b>\$ 929,881</b>	<b>\$ 176,666</b>	<b>\$ 905,122</b>	<b>\$ 739,658</b>	<b>\$ 5,620,481</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	Education & Career Development	Regional Clubs	Community Engagement & Support	Management and General	Fundraising	
Personnel	\$ 487,521	\$ 554,131	\$ 1,191,338	\$ 317,114	\$ 134,237	\$ 624,016	\$ 443,029	\$ 3,751,386
Supplies	30,476	33,668	175,355	52,084	36,497	22,709	165,671	516,460
Professional fees	5,273	6,591	127,460	5,546	609	87,350	92,606	325,435
Occupancy	41,985	56,093	26,373	16,706	3,507	45,340	51,511	241,515
Equipment and maintenance	61,204	96,023	3,849	35,405	512	610	5,167	202,770
Advertising	-	-	92	797	-	-	154,166	155,055
Conferences	1,352	1,447	14,955	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	19,046	10,971	227	12,924	6,918	91,559
Travel	5,845	17,381	9,036	4,548	690	4,488	6,210	48,198
Dues and subscriptions	5,850	7,022	22,146	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	529	82,121	20	2,613	162	85,832
<b>Total expenses</b>	<b>\$ 778,626</b>	<b>\$ 886,046</b>	<b>\$ 1,625,601</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.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2021 and 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 6,095,510	\$ 1,202,992
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Amortization of discount on unconditional promises to give	(1,798)	(6,380)
Net realized and unrealized gains on investments	(1,575)	(4,203)
Donated investments	(4,739)	(308,784)
Depreciation	355,944	265,877
Loss on disposal of assets	-	1,349
Donated property and equipment	(33,038)	(48,014)
Change in value of assets held at Madison Community Foundation	(46,350)	3,923
Amortization of imputed interest on notes payable	7,451	7,451
Forgiveness of PPP Loan	(741,675)	-
Contributions restricted for long-term purposes	(5,375,000)	(604,365)
(Increase) decrease in assets		
Accounts receivable	(1,922)	14,494
Unconditional promises to give	(700,434)	(500,042)
Prepaid expenses	(224,509)	(24,367)
Beneficial interest in charitable lead annuity trust	11,098	(92,203)
Increase (decrease) in liabilities		
Accounts payable	23,772	(33,067)
Accrued payroll and taxes	15,882	208,142
Accrued interest	(27,389)	28,596
Promises to give payable	(18,167)	(23,630)
Deferred revenue	-	(1,500)
Funds held for others	(162,333)	260,646
Net cash flows from operating activities	(829,272)	346,915
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	68,154	249,657
Purchases of property and equipment	(315,938)	(543,749)
Distributions from beneficial interest in MCF	6,946	-
Distributions from beneficial interest in charitable lead annuity trust	95,613	138,340
Net cash flows from investing activities	(145,225)	(155,752)

See accompanying notes.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2021 and 2020

	2021	2020
Proceeds from PPP loan	679,517	741,675
Payments on notes payable	(41,744)	(55,299)
Payments for debt issuance costs	-	(8,932)
Contributions restricted for long-term purposes	-	604,365
<b>Net cash flows from financing activities</b>	<b>637,773</b>	<b>1,281,809</b>
Net change in cash	(336,724)	1,472,972
Cash at beginning of year	1,789,991	317,019
<b>Cash at end of year</b>	<b>\$ 1,453,267</b>	<b>\$ 1,789,991</b>
<b>SUPPLEMENTAL INFORMATION</b>		
Cash paid for interest	\$ 134,363	\$ 47,379
Noncash investing and financing transactions		
Renovation of property		
Cost of renovations	50,635	1,093,479
Notes payable	(50,635)	(1,093,479)
Cash payment for property	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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

**Nature of Activities**

Boys and Girls Clubs 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 empower all young people, especially those who need us the most, to realize their full potential as productive, responsible, and caring citizens. The Club's primary funding sources are grants and contributions from the general public.

**Accounts Receivable**

Accounts receivable represent fees owed by individuals and organizations. Accounts receivable are stated at the amount management expects to be collected from the outstanding balance. At June 30, 2021 and 2020, 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.

**Beneficial Interest in Assets Held by Madison Community Foundation**

The Club's beneficial interest in assets held by Madison Community 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. 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.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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

**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.

**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.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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

**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 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.

*Education & Career Development* – education, career, and school-based programs uniquely integrate with local school districts to mitigate opportunity gaps, and help provide youth with the resources and experiences needed to reach their full potential.

*Teens of Promise (TOPS)* – high-intensity, in-school and out-of-school partnership between Madison Metropolitan School District (AVID) and the Boys and Girls Clubs of Dane County (TOPS – Teens of Promise) focused on supporting students to develop the writing, inquiry, collaboration, organization and reading skills needed to be college and career ready.

*College Success* – provides college prep services for high school and college students built on a foundation of academic monitoring, tutoring and case management.

*College Ready Scholars* – through partnership with Verona Area High School provides support for 9th-12th grade students, ensuring members are equipped with academic and personal tools to graduate from high school and be prepared for college enrollment and completion.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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

*Career Development* – provides meaningful in-person and digital work-based learning opportunities for high school and college students. Participants consider their career interest, set goals related to their job skills, connect with and learn from professionals and build skills in networking, collaboration, communication, and technology.

*Regional Clubs* –

*Sun Prairie* – 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 age 2.5 through high school age.

*Walworth County* – provides various enrichment programs in Walworth County by working with children from junior high through high school.

*Club on the Square* – provides access to services, and meeting and training space in downtown Madison for volunteers, grassroots organizations, community members, and students.

*Community Engagement & 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. Our Community Engagement and Support program responds to needs of our members and families, providing access, resources, and support through programs such as the Back to School Campaign, Martin Luther King Celebration, and COVID vaccine awareness.

*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.

**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, 2021 and 2020

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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 February 16, 2022, 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, 2021 and 2020, The Club’s uninsured cash balances total approximately \$948,000 and \$1,530,000, 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, 2021 and 2020 approximately 80% and 50% of unconditional promises to give (\$5,600,000 and \$945,378) were due from two donors.

NOTE 3 – PROMISES TO GIVE

Unconditional promises to give are as follows:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 7,367,558	\$ 1,416,219
Receivable in one to five years	320,000	185,905
Receivable in more than five years	<u>20,000</u>	<u>30,000</u>
Total unconditional promises to give	7,707,558	1,632,124
Less discount at 5.33% to net present value	<u>-</u>	<u>(1,798)</u>
Unconditional promises to give, net	<u>\$ 7,707,558</u>	<u>\$ 1,630,326</u>



**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021 and 2020

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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 have several grants that are conditioned upon the Club incurring qualifying expenses under the grant programs. At June 30, 2021, these conditional grants total approximately \$266,000.

NOTE 4 – DONATED FACILITIES

The Club has entered into rent free lease agreements for administrative and program office space which expire in May 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.

The balance of \$119,049 and \$156,583 at June 30, 2021 and 2020, 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, 2021 and 2020 was \$108,259 and \$82,147, respectively.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2021	2020
Land	\$ 500,117	\$ 500,117
Buildings and improvements	6,991,194	6,810,501
Leasehold improvements	10,397	10,397
Equipment	1,098,787	906,793
Vehicles	310,075	310,075
Land improvements	125,622	81,580
Construction in progress	15,000	32,118
Property and equipment	9,051,192	8,651,581
Less accumulated depreciation	2,558,878	2,202,934
Property and equipment, net	\$ 6,492,314	\$ 6,448,647

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 received a one-time distribution of \$42,727 and will receive \$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, 2021 and 2020 of \$692,234 and \$798,945 is calculated using a discount rate of 1.2% and 0.6%, respectively.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 7 – ENDOWMENT

At June 30, 2021 and 2020, the Club’s board of directors has designated \$223,386 and \$183,982, 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 Foundation, which permits the Foundation to substitute another beneficiary in place of the Club if the Club cease 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:

	<u>2021</u>	<u>2020</u>
Board-designated endowment net assets at beginning of year	\$ 183,982	\$ 189,282
Distributions	(6,946)	-
Change in value of beneficial interest	<u>46,350</u>	<u>(5,300)</u>
Board-designated endowment net assets at end of year	<u>\$ 223,386</u>	<u>\$ 183,982</u>

During the year ended June 30, 2021, the Club received restricted contributions totaling \$2,501,721 to establish an endowment to support the operating costs of the skilled trades center. The Club intends to transfer these funds to the Foundation and establish a new endowment fund.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
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**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 \$9,820 and \$15,591 during the years ended June 30, 2021 and 2020, respectively. The value of the component funds at the Foundation held for the benefit of the Club total \$308,956 and \$243,947, respectively at June 30, 2021 and 2020.

**NOTE 9 – NOTES PAYABLE**

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

	2021	2020
4% note payable, due in monthly installments of \$1,290, including interest, through August 16, 2021, secured by the vehicles.	\$ 2,562	\$ 17,577
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.	-	-
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.	764,810	776,595
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 \$1,049,833 due on maturity date August 20, 2024, secured by the property.	1,126,417	1,093,479
Notes payable	2,043,789	2,037,651
Less discount	(19,868)	(27,319)
Less unamortized debt issuance costs	(10,060)	(12,813)
Notes payable, net	\$ 2,013,861	\$ 1,997,519

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
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NOTE 9 – NOTES PAYABLE (continued)

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

2022	\$ 48,116
2023	48,180
2024	200,687
2025	1,075,446
2026	<u>671,360</u>
 Total	 <u>\$ 2,043,789</u>

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 \$2,013,861 and \$1,870,074 or 94% and 91%, respectively as of June 30, 2021 and 2020 is payable to a local bank.

NOTE 10 – PROMISES TO GIVE PAYABLE

Promises to give payable at June 30, 2021 and 2020 consists of scholarships payable of \$30,177 and \$48,344, respectively.

Future minimum payments for the years ending June 30:

2022	\$ 22,214
2023	<u>7,963</u>
 Total	 <u>\$ 30,177</u>

NOTE 11 – 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.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
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NOTE 12 – NET ASSETS

Net assets without donor restrictions consists of the following:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 136,958	\$ 33,527
Designated for property and equipment	3,953,324	3,795,867
Designated for beneficial interest in assets held at Madison Community Foundation	<u>223,386</u>	<u>183,982</u>
Net assets without donor restrictions	<u>\$ 4,313,668</u>	<u>\$ 4,013,376</u>

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

	<u>2021</u>	<u>2020</u>
<b>Purpose Restrictions</b>		
Skilled trades	\$ 3,580,872	95,000
Teens of Promise	1,169,602	\$ 782,385
Sun Prairie location	74,690	60,208
Administrative office rental	74,108	156,583
Club on the Square Rent	43,144	-
Community Liaison	21,151	17,264
Junior staff	20,451	-
STEM programs	15,000	10,000
Sports Academy	10,486	12,250
Climbing wall	-	132,000
COVID-19 relief	-	203,564
Junior Staff	-	24,625
Racial and social justice	-	21,075
Dance program	-	15,540
Other	59,131	57,405
<b>Time Restrictions</b>		
For subsequent years	861,934	1,049,173
<b>Permanent Restrictions</b>		
For future endowment	<u>2,501,721</u>	<u>-</u>
Net assets with donor restrictions	<u>\$ 8,432,290</u>	<u>\$ 2,637,072</u>

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
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**NOTE 13 – 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:

2021						
	Total	Taft Location	Allied Location	Regional Clubs	Fundraising	Management and General
Equipment and maintenance	\$ 35,000	\$ 8,750	\$ 8,750	\$ 8,750	\$ -	\$ 8,750
Professional fees	28,275	-	-	-	17,500	10,775
Advertising	15,000	-	-	-	15,000	-
<b>Total</b>	<b>\$ 78,275</b>	<b>\$ 8,750</b>	<b>\$ 8,750</b>	<b>\$ 8,750</b>	<b>\$ 32,500</b>	<b>\$ 19,525</b>
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>

Donated services for architectural and construction services of \$33,038 and \$37,450, respectively, were capitalized in the years ended June 30, 2021 and 2020.

**NOTE 14 – RELATED PARTY**

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

	2021	2020
Contributions	\$ 189,479	\$ 1,268,519
In-kind donations:		
Equipment and maintenance	46,600	46,000
Food and beverages	-	16,282
Professional fees	16,725	600
Advertising	-	83,500
<b>Total</b>	<b>\$ 252,804</b>	<b>\$ 1,414,901</b>

Amounts due from board members of \$134,000 and \$182,540 as of June 30, 2021 and 2020, respectively, are reported as unconditional promises to give on the statements of financial position.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
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NOTE 15 – 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 2021 and 2020 were 10% and 3%, respectively of the employees' annual compensation. Retirement expense for the years ended June 30, 2021 and 2020 was \$182,034 and \$221,128.

NOTE 16 – 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:

	2021	2020
Financial assets at year-end	\$ 9,984,955	\$ 4,334,138
Less those unavailable for general expenditures within one year due to:		
Board-designated endowment	(223,386)	(183,982)
Restricted by donor with purpose restrictions	(7,570,356)	(1,587,899)
Restricted by donor with time restrictions	(782,102)	(852,786)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,409,111	\$ 1,709,471

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 9).

NOTE 17 – PAYCHECK PROTECTION PROGRAM LOANS

The Club has received first and second round loans under the Paycheck Protection Program (PPP) totaling \$741,675 and \$679,517. The Club received forgiveness for the entire first round loan. The Club must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review the Club's good-faith certification concerning the necessity of its loan request, whether the Foundation calculated the loan amount correctly, whether the Club used loan proceeds for the allowable uses specified in the CARES Act, and whether the Club is entitled to loan forgiveness in the amount claimed on its application. If SBA determines the Club was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

**BOYS AND GIRLS CLUB OF DANE COUNTY, INC.**  
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NOTE 18 – PRIOR PERIOD ADJUSTMENT

During the current year, management noted that the Foundation had comingled component funds with the Club’s agency endowment. As such management made adjustments to reduce the beneficial interest and net assets without donor restrictions as of June 30, 2020 as follows:

	Previously Reported	Change	Restated Totals
Beneficial interest in assets held by Madison Community Foundation	308,151	(124,169)	183,982
Net assets without donor restrictions	4,137,545	(124,169)	4,013,376

NOTE 19 – SUBSEQUENT EVENTS

In July 2021, a donor purchased a building and pledged the property to be the new McKenzie Regional Workforce Center (Center) located at 5225 Verona Road in Fitchburg, WI. The Center will be an active partnership between Madison Area Builders Association (MABA) and the Club plus other local businesses and schools.

Subsequent to June 30, 2021, the Club began investigating a New Market Tax Credit Program (NMTC) to provide additional funding for the Center. The NMTC Program is anticipated to close in March of 2022. To facilitate the NMTC program, the Boys & Girls Clubs of Dane County Foundation, Inc., an unrelated and separate entity from the Club, purchased the property at 5225 Verona Road. The Club intends to sign a 7-year lease agreement with the Foundation, Inc. after the NMTC closes.

The Club agreed to develop a skilled trades curriculum and training program, focused on providing young adults careers in skilled trades like plumbing and construction. The Skilled Trades Program will provide students ages 2.5 to 24 with exposure, training and career placement in the Skilled Trades and is expected to begin in 2022 after the building undergoes renovations.

In December 2021, the Club formed a new 501c3 entity, the Boys & Girls Clubs of Dane County Legacy Foundation (Legacy Foundation), to perform fundraising activities for the McKenzie Regional Workforce Center. The Legacy Foundation will share the same Board of Directors as the Club.

The Club entered into a six-year lease agreement to lease a portion of the Allied Center roof for the purposes of installing, maintaining, operating and improving Direct Current Alternative Energy Facility (solar panels). The Club was granted an ownership interest in the future capacity of the solar panels, with the sole right to purchase, receive and use the benefits of the Energy Savings, as well as the option to purchase and own the solar panels following six years from the commercial operation date.