

**BOYS & GIRLS CLUBS
OF GREATER MILWAUKEE, INC.**
Milwaukee, Wisconsin

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Boys & Girls Clubs of Greater Milwaukee, Inc.
Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Boys & Girls Clubs of Greater Milwaukee, Inc. ("BGCGM"), which comprise of the statements of financial position as of December 31, 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 BGCGM as of December 31, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal, state and other government awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *Wisconsin State Single Audit Guidelines* as well as the statement of functional expenses for legacy clubs are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2021 on our consideration of BGCGM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the BGCGM's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in the BGCGM's internal control over financial reporting and compliance.

May 18, 2021
Milwaukee, Wisconsin

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.

Milwaukee, Wisconsin

Statements of Financial Position

December 31, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
Cash and equivalents	\$ 7,496,685	\$ 5,705,777
Cash - restricted	151,650	1,203,248
Investments	35,866,897	32,582,408
Service contract fees receivable, net	3,180,575	3,203,870
Promises to give, net	8,757,974	5,286,570
Other receivables, net	71,172	95,290
Prepaid insurance and other assets	924,834	606,840
Land, buildings and equipment, net	7,355,119	7,653,958
Total assets	<u>\$ 63,804,906</u>	<u>\$ 56,337,961</u>
 LIABILITIES AND NET ASSETS 		
Liabilities:		
Accounts payable	\$ 1,389,678	\$ 1,276,436
Accrued expenses	1,087,582	1,003,196
Deferred revenue	265,923	185,645
Capital lease liability	9,343	15,389
Total liabilities	<u>2,752,526</u>	<u>2,480,666</u>
 Net Assets:		
Without donor restriction	25,985,915	23,903,542
With donor restriction	35,066,465	29,953,753
Total net assets	<u>61,052,380</u>	<u>53,857,295</u>
Total liabilities and net assets	<u>\$ 63,804,906</u>	<u>\$ 56,337,961</u>

The accompanying notes to financial statements
are an integral part of these statements.

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
Milwaukee, Wisconsin

Statement of Activities
Year Ended December 31, 2020

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Operating Revenues:			
Public Support:			
United Way	\$ 430,521	\$ 469,891	\$ 900,412
Contributions	3,691,136	12,166,549	15,857,685
Federal, state and other government awards	12,253,794	-	12,253,794
Other grants	521,798	-	521,798
Special events, net	144,321	-	144,321
Net public support	17,041,570	12,636,440	29,678,010
Other Operating Revenue:			
Investment distribution (see note 5)	995,011	555,065	1,550,076
Facility rental	238,126	-	238,126
Service charges, camp fees and membership	135,575	-	135,575
Loss on disposal of property and equipment	(3,052)	-	(3,052)
Total other operating revenue	1,365,660	555,065	1,920,725
Total operating revenues	18,407,230	13,191,505	31,598,735
Net Assets Released from Restrictions	9,100,806	(9,100,806)	-
Total operating revenue and net assets released from restriction	27,508,036	4,090,699	31,598,735
Operating Expenses:			
Program Services:			
Legacy clubs:			
Augusta La Varnway Club	729,193	-	729,193
Don and Sallie Davis Club	873,410	-	873,410
Mary Ryan Club	1,334,860	-	1,334,860
Pieper - Hillside Club	503,200	-	503,200
Roger & Leona Fitzsimonds Club	727,503	-	727,503
Daniels - Mardak Club	806,435	-	806,435
Total legacy clubs	4,974,601	-	4,974,601
Camp Whitcomb/Mason	1,368,213	-	1,368,213
School Clubs	5,117,424	-	5,117,424
Special programs/other	10,931,181	-	10,931,181
Total program services	22,391,419	-	22,391,419
Support Services:			
Management and general	3,545,777	-	3,545,777
Resource development	1,703,061	-	1,703,061
Total support services	5,248,838	-	5,248,838
Total operating expenses	27,640,257	-	27,640,257
Excess (deficit) of operating revenue and net assets released from restriction over (under) operating expenses	(132,221)	4,090,699	3,958,478
Nonoperating Gains and Losses:			
Net realized and change in unrealized gains on investments (see note 5)	3,037,497	1,502,193	4,539,690
Excess investment distribution over dividend and interest income (see note 5)	(822,903)	(480,180)	(1,303,083)
Total nonoperating gains and losses	2,214,594	1,022,013	3,236,607
Change in net assets	2,082,373	5,112,712	7,195,085
Net assets, beginning of year	23,903,542	29,953,753	53,857,295
Net assets, end of year	\$ 25,985,915	\$ 35,066,465	\$ 61,052,380

The accompanying notes to financial statements
are an integral part of these statements.

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
Milwaukee, Wisconsin

Statement of Activities
Year Ended December 31, 2019

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Operating Revenues:			
Public Support:			
United Way	\$ 489,228	\$ 533,972	\$ 1,023,200
Contributions	4,080,623	5,202,800	9,283,423
Federal, state and other government awards	13,026,845	-	13,026,845
Other grants	1,109,745	-	1,109,745
Special events, net	743,731	-	743,731
Net public support	<u>19,450,172</u>	<u>5,736,772</u>	<u>25,186,944</u>
Other Operating Revenue:			
Investment distribution (see note 5)	912,196	544,156	1,456,352
Facility rental	512,612	-	512,612
Service charges, camp fees and membership	596,889	-	596,889
Gain on disposal of property and equipment	100	-	100
Total other operating revenue	<u>2,021,797</u>	<u>544,156</u>	<u>2,565,953</u>
Total operating revenues	<u>21,471,969</u>	<u>6,280,928</u>	<u>27,752,897</u>
Net Assets Released from Restrictions	<u>10,358,475</u>	<u>(10,358,475)</u>	<u>-</u>
Total operating revenue and net assets released from restriction	<u>31,830,444</u>	<u>(4,077,547)</u>	<u>27,752,897</u>
Operating Expenses:			
Program Services:			
Legacy clubs:			
Augusta La Varnway Club	883,904	-	883,904
Don and Sallie Davis Club	1,091,331	-	1,091,331
Mary Ryan Club	1,400,126	-	1,400,126
Pieper - Hillside Club	690,723	-	690,723
Roger & Leona Fitzsimonds Club	710,783	-	710,783
Daniels - Mardak Club	909,182	-	909,182
Total legacy clubs	<u>5,686,049</u>	<u>-</u>	<u>5,686,049</u>
Camp Whitcomb/Mason	1,636,723	-	1,636,723
School Clubs	7,324,628	-	7,324,628
Special programs/other	11,458,126	-	11,458,126
Total program services	<u>26,105,526</u>	<u>-</u>	<u>26,105,526</u>
Support Services:			
Management and general	3,698,917	-	3,698,917
Resource development	1,928,640	-	1,928,640
Total support services	<u>5,627,557</u>	<u>-</u>	<u>5,627,557</u>
Total operating expenses	<u>31,733,083</u>	<u>-</u>	<u>31,733,083</u>
Excess (deficit) of operating revenue and net assets released from restriction over (under) operating expenses	<u>97,361</u>	<u>(4,077,547)</u>	<u>(3,980,186)</u>
Nonoperating Gains and Losses:			
Net realized and change in unrealized gains on investments (see note 5)	4,031,461	1,939,098	5,970,559
Excess investment distribution over dividend and interest income (see note 5)	(551,579)	(412,674)	(964,253)
Total nonoperating gains and losses	<u>3,479,882</u>	<u>1,526,424</u>	<u>5,006,306</u>
Change in net assets before nonrecurring items	<u>3,577,243</u>	<u>(2,551,123)</u>	<u>1,026,120</u>
Net assets, beginning of year	<u>20,326,299</u>	<u>32,504,876</u>	<u>52,831,175</u>
Net assets, end of year	<u>\$ 23,903,542</u>	<u>\$ 29,953,753</u>	<u>\$ 53,857,295</u>

The accompanying notes to financial statements
are an integral part of these statements.

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
Milwaukee, Wisconsin

Statements of Functional Expenses
Years Ended December 31, 2020 and 2019

Year Ended December 31, 2020	PROGRAM SERVICES BY LOCATION					SUPPORTING SERVICES		Cost of Direct Benefits to Donors	Total 2020
	Legacy Clubs	Camp Whitcomb/Mason	School Clubs	Special Programs/Other	Total	Management & General	Resource Development		
Salaries and wages	\$ 1,862,130	\$ 554,773	\$ 3,796,952	\$ 4,413,840	\$ 10,627,695	\$ 1,779,769	\$ 964,465	\$ -	\$ 13,371,929
Employee benefits	336,274	93,937	374,970	685,517	1,490,698	468,260	159,245	-	2,118,203
Payroll taxes	179,730	66,266	362,027	398,485	1,006,508	68,403	85,070	-	1,159,981
Total salaries and related expenses	2,378,134	714,976	4,533,949	5,497,842	13,124,901	2,316,432	1,208,780	-	16,650,113
Professional fees and contracted services	3,025	21,093	5,333	2,906,297	2,935,748	553,023	64,929	-	3,553,700
Supplies	232,875	153,833	365,717	1,663,011	2,415,436	192,832	123,002	-	2,731,270
Telephone	48,537	5,278	16,267	16,632	86,714	66,000	1,204	-	153,918
Postage	250	1,092	-	6,407	7,749	4,518	3,039	-	15,306
Utility and occupancy	1,935,190	142,485	20,862	52,896	2,151,433	135,590	1,499	-	2,288,522
Printing and subscriptions	1,654	3,727	3,148	8,033	16,562	805	9,315	-	26,682
Transportation	13,451	13,828	98,777	8,668	134,724	5,764	957	-	141,445
Conferences, conventions and meetings	257	3,236	6,158	25,288	34,939	8,340	2,086	-	45,365
Scholarships and client assistance	-	-	-	702,151	702,151	-	890	-	703,041
Dues and memberships	13,710	7,144	17,499	31,183	69,536	52,225	4,938	-	126,699
Insurance	100,735	77,762	43,081	3,760	225,338	43,147	2,665	-	271,150
Other, net	2	4,104	-	-	4,106	-	-	-	4,106
Provision for uncollectible accounts	-	-	-	-	-	-	196,637	-	196,637
Total noncompensation expenses	2,349,686	433,582	5,784,842	5,424,326	8,784,436	1,062,244	411,161	-	10,257,841
Total expenses before depreciation	4,727,820	1,148,558	5,110,791	10,922,168	21,909,337	3,378,676	1,619,941	-	26,907,954
Depreciation and amortization	246,781	219,655	6,633	9,013	482,082	167,101	83,120	-	732,303
Total expenses included in the expenses section of the statement of activities	\$ 4,974,601	\$ 1,368,213	\$ 5,117,424	\$ 10,931,181	\$ 22,391,419	\$ 3,545,777	\$ 1,703,061	\$ -	\$ 27,640,257

Year Ended December 31, 2019	PROGRAM SERVICES BY LOCATION					SUPPORTING SERVICES		Cost of Direct Benefits to Donors	Total 2019
	Legacy Clubs	Camp Whitcomb/Mason	School Clubs	Special Programs/Other	Total	Management & General	Resource Development		
Salaries and wages	\$ 2,369,451	\$ 571,640	\$ 4,889,090	\$ 5,118,862	\$ 12,949,043	\$ 1,839,305	\$ 790,699	\$ -	\$ 15,579,047
Employee benefits	347,374	98,116	398,765	778,457	1,622,712	272,617	131,582	-	2,026,911
Payroll taxes	228,280	73,058	471,744	471,117	1,244,199	97,003	71,084	-	1,412,286
Total salaries and related expenses	2,945,105	742,814	5,759,599	6,368,436	15,815,954	2,208,925	993,365	-	19,018,244
Professional fees and contracted services	14,863	24,107	72,250	2,260,463	2,371,683	562,345	384,914	-	3,318,942
Supplies	256,264	296,613	1,095,895	1,601,909	3,250,681	168,369	136,083	75,806	3,630,939
Telephone	92,569	14,262	62,543	19,842	189,216	23,421	147	-	212,784
Postage	323	811	237	268	1,639	9,558	7,630	-	18,827
Utility and occupancy	1,923,700	177,232	2,561	70,577	2,174,070	395,631	35,884	-	2,605,585
Printing and subscriptions	158	5,592	626	35,279	41,655	1,689	49,875	-	93,219
Transportation	81,000	51,012	266,067	86,106	484,185	5,713	3,863	-	493,761
Conferences, conventions and meetings	7,381	7,233	19,673	261,194	295,481	43,537	18,393	-	357,411
Scholarships and client assistance	-	-	425	704,033	704,458	10,500	1,700	-	716,658
Dues and memberships	15,850	7,503	16,099	34,454	73,906	63,245	5,728	-	142,879
Insurance	79,209	63,373	27,572	2,158	172,312	40,122	2,863	-	215,297
Other, net	23,797	10,345	-	-	34,142	(2,025)	-	-	32,117
Provision for uncollectible accounts	-	-	-	-	-	-	205,075	-	205,075
Total noncompensation expenses	2,495,114	658,083	1,563,948	5,076,283	9,793,428	1,322,105	852,155	75,806	12,043,494
Total expenses before depreciation	5,440,219	1,400,897	7,323,547	11,444,719	25,609,382	3,531,030	1,845,520	75,806	31,061,738
Depreciation and amortization	245,830	235,826	1,081	13,407	496,144	167,887	83,120	-	747,151
Total expenses by function	5,686,049	1,636,723	7,324,628	11,458,126	26,105,526	3,698,917	1,928,640	75,806	31,808,889
Less expenses included with revenues on the statement of activities	-	-	-	-	-	-	-	(75,806)	(75,806)
Total expenses included in the expenses section of the statement of activities	\$ 5,686,049	\$ 1,636,723	\$ 7,324,628	\$ 11,458,126	\$ 26,105,526	\$ 3,698,917	\$ 1,928,640	\$ -	\$ 31,733,083

The accompanying notes to financial statements are an integral part of these statements.

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
Milwaukee, Wisconsin

Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 7,195,085	\$ 1,026,120
Adjustments to reconcile change in net assets to net cash, restricted cash and cash equivalents (used) by operating activities:		
Depreciation and amortization	732,303	747,151
(Gain) loss on disposal of property and equipment	3,052	(100)
In-kind contributions of property and equipment	(3,900)	-
Realized and unrealized gains on investments	(4,539,690)	(5,970,559)
Change in assets and liabilities:		
Service contract fees receivable	23,295	(1,138,259)
Promises to give	(3,471,404)	3,408,229
Other receivables	24,118	15,281
Prepaid insurance and other assets	(317,994)	3,097
Accounts payable	150,482	73,765
Accrued expenses	84,386	92,851
Fiscal agent	-	(36,509)
Deferred revenue	80,278	(124,003)
Deferred compensation	-	(265,775)
Total adjustments	<u>(7,235,074)</u>	<u>(3,194,831)</u>
Net cash, restricted cash and cash equivalents used by operating activities	(39,989)	(2,168,711)
Cash Flows Provided by Investing Activities:		
Purchase of investments	(8,803,538)	(4,245,359)
Proceeds from sale or maturity of investments	10,058,739	8,312,787
Proceeds from sale of property and equipment	-	100
Purchases of property and equipment	(469,856)	(564,398)
Net cash, restricted cash and cash equivalents provided by investing activities	<u>785,345</u>	<u>3,503,130</u>
Cash Flows Used by Financing Activities:		
Payments on capital lease obligations	(6,046)	(6,595)
Net increase in cash, restricted cash and cash equivalents	739,310	1,327,824
Cash, restricted cash and cash equivalents, beginning of year	<u>6,909,025</u>	<u>5,581,201</u>
Cash, restricted cash and cash equivalents, end of year	<u>\$ 7,648,335</u>	<u>\$ 6,909,025</u>
Supplemental Disclosure:		
Interest paid on capital lease	<u>\$ 444</u>	<u>\$ 485</u>
Property and equipment purchases included in accounts payable	<u>\$ 14,086</u>	<u>\$ 51,326</u>
Noncash donated fixed assets	<u>\$ 3,900</u>	<u>\$ -</u>
Donated securities	<u>\$ 578,311</u>	<u>\$ 159,195</u>

The accompanying notes to financial statements
are an integral part of these statements.

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2020 and 2019

1. Organization

Boys & Girls Clubs of Greater Milwaukee (“BGCGM”), one of the largest and longest youth-serving agencies in Milwaukee, offers structured after-school and summer programming to nearly 5,000 children and teens each day. Within the safety of 45 locations and a camp, youth have access to free meals, academic support, role models, and opportunities to build character and explore new interests. BGCGM achieves these goals through the financial support of public and private donations.

BGCGM locations provide programming across 5 core areas:

Leadership and Service - Leadership and Service programs build leadership with self, leadership with others, and leadership within the community. They give youth the confidence and abilities to create meaningful change in their world.

Academics - Academic programs complement and reinforce what youth learn during the school day, while creating experiences that invite them to fall in love with learning. Rooted in social-emotional development practices, programs in this area enable all youth to be effective, engaged learners who are on track to graduate with a plan for the future.

The Arts - The Arts programs encourage imagination and self-expression. They also help youth develop knowledge and understanding of specific art forms. Art programs build social-emotional and 21st century skills, such as communication, critical thinking and creativity.

Health and Wellness - Health and Wellness programs focus on building the physical, social and emotional wellness of youth. These programs provide opportunities to build the foundational skills of developing relationships, regulating emotions and solving problems.

Sports and Recreation - Sports and Recreation programs promote physical health by providing low-risk settings for members to explore moving their bodies and eating healthy foods. These playful experiences build movement skills, such as running and throwing, and nutrition skills, such as choosing healthy foods.

2. Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements.

Estimates also affect the reported amounts of revenues and expenses during the reporting period. Although estimates are considered to be fairly stated at the time that the estimates are made, actual results could differ.

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

2. Significant Accounting Policies (Continued)

Cash, Restricted Cash and Cash and Equivalents

For purposes of the statements of cash flows, BGCGM considers all highly liquid investments and money markets with an initial maturity of three months or less to be cash and equivalents. BGCGM has restricted cash for the following purposes:

Endowment – BGCGM maintains cash in an endowment restricted by donors for long-term purposes.

Assets for Independence Demonstration Program (“IDA”) – BGCGM is required by the granting agency to maintain a separate bank account for IDA awards. During 2020, the granting agency released the cash restriction.

AmeriCorps – BGCGM receives cash advancements to support the AmeriCorps award.

Cash and restricted cash consist of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Cash	\$ 7,496,685	\$ 5,705,777
Cash restricted for endowment	151,650	1,054,794
Cash restricted for IDA	-	148,177
Cash restricted – AmeriCorps	-	277
Cash and restricted cash as shown in the statements of cash flows	<u>\$ 7,648,335</u>	<u>\$ 6,909,025</u>

Net Assets

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of BGCGM and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a quasi-endowment.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resource be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. See footnote 9 for a breakout of net assets with donor restrictions.

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

2. Significant Accounting Policies (Continued)

Revenue Recognition

BGCGM recognizes revenue based on the existence or absence of an exchange transaction. BGCGM recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a customer or member or by transferring control over a product to a customer or member. Revenue from performance obligations satisfied at a point in time consists of the following:

- **Service charges, camp fees and membership** – recognized as performance obligations (programming) are met.
- **Rental income** – recognized when BGCGM provides the rented space.

Revenue from non-exchange transactions consist of the following:

- **Contributions of cash and promises to give** - received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue and net assets without donor restriction. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized at prime interest rate and is reported as contribution revenue. Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.
- **Contributions of goods and services** – BGCGM receives various types of contributed goods and services support, including rent, supplies, professional services and equipment. Donated supplies and equipment are recognized at their estimated values on the date received. Donated services are reported in the financial statements for voluntary donations of professional services when those services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and typically would be purchased if not provided by donation. Such contributed goods and services totaled \$1,565,409 and \$1,731,807 for 2020 and 2019, respectively. The amounts reflected in the financial statements as contributed goods and services are offset by like amounts included in expenses or capitalized as equipment and depreciated over their useful lives. BGCGM recorded rent expenses of \$1,340,415 and \$1,345,491 in 2020 and 2019, respectively, services of \$218,594 and \$89,509 in 2020 and 2019, respectively and other items of \$2,500 and \$296,807 in 2020 and 2019, respectively. BGCGM also received contributed services for its various programs from volunteers which does not meet the recognition criteria described above. No amounts have been reflected in the financial statements for these contributed services.

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Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

2. Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

- **Contributions of property and equipment** - donated property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions of land, buildings, equipment, and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service. BCGM received contributed fixed assets of \$3,900 which was capitalized in 2020. There were no contributed fixed assets for 2019.
- **Federal and state contracts** – Federal and state contracts are conditional upon the incurrence of allowable qualifying expenses. Revenue is recorded as allowable qualifying expenses incur.

Revenue that has characteristics of both exchange and non-exchange transactions consist of the following:

- **Special event revenue** – Gross special events revenue includes contributions for the events and fees charged to participants. The cost of direct benefits to donors are subtracted from this amount to arrive at net special event revenue.

Valuation of Investments

Investments are reported at fair value. Investments in marketable securities with readily determinable fair value and all investments in debt securities are valued at their fair value in the statements of financial position. Unrealized gains and losses are included in the change of net assets. GAAP establishes a hierarchy that prioritizes the inputs for measuring fair value. Those inputs are summarized as follows:

Level 1 – Quoted prices in active markets, e.g. NYSE, NASDAQ, etc. for assets identical to the securities to be valued. If a Level 1 input is available, it must be used.

Level 2 – Inputs other than quoted prices that are observable for securities, either directly or indirectly. Examples include matrix pricing utilizing yield curves, prepayment speeds, credit risks, etc.; quoted prices for similar assets in active markets; and inputs derived from observable market data by correlation or other means.

Level 3 – Unobservable inputs, which contain assumptions by the party valuing those assets. For level 3 inputs, there is no market data or correlations with market assumptions. Examples would include limited partnership interests, closely held stock, etc.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at December 31, 2020 and 2019.

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Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

2. Significant Accounting Policies (Continued)

Valuation of Investments (Continued)

Domestic and International Fixed Income, Domestic and International Equities, and Other Investments: Valued at the closing price reported on the active market on which the individual securities are traded.

Diversified Investment Pool: Valued at the present value of the proportionate share of allocated assets.

Accrued Income: Estimated value of earned interest based on year-ending balances.

Purchases and sales of investments are recorded on a trade-date basis. Realized gains and losses and unrealized appreciation and depreciation of BGCGM's assets are reported in the statements of activities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although BGCGM believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Land, Building and Equipment

Property and equipment contributed to BGCGM are recorded at estimated fair value on the date of the gift. Purchased property and equipment are recorded at cost. BGCGM records amounts incurred related to ongoing construction projects as construction in progress. When construction projects are completed, the amount incurred is transferred to the appropriate fixed asset category and depreciated or amortized. Depreciation is recorded on the straight-line method. Estimated useful lives used in the calculation of depreciation are:

Buildings	10 - 50 years
Leasehold improvements	10 - 20 years
Equipment	3 - 10 years
Vehicles	5 years

Service Contract Fee Receivables

Service contract fee receivables represent consideration from state and local government agencies, of which BGCGM has an unconditional right to receive. Receivables are recorded at contract value, less management's estimate for uncollectible amounts based on their experience relative to the total population of receivables. Management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Deferred Revenue

Deferred revenue consists primarily of advances on contracts with state and federal governments for program assistance in excess of program expenditures. These amounts are recognized as revenue as expenditures are incurred.

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
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Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

2. Significant Accounting Policies (Continued)

Tax Status

BGCGM is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

BGCGM has implemented accounting for uncertainty in income taxes in accordance with accounting principles generally accepted in the United States of America. This standard describes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognizing, interest, penalties and disclosure required. Management of BGCGM evaluates the uncertain tax positions taken regarding unrelated business income taxes, if any, and consults with outside counsel as deemed necessary. BGCGM recognizes interest and penalties, if any, related to unrecognized tax liabilities in income tax expense.

Functional Expenses

BGCGM classifies expenses into two functions: Program Services and Support Services. The Program Services function includes all expenses directly related to BGCGM's activities and programs for boys and girls and their families. These expenses have been directly charged to the specific activities and programs based on employee hours incurred and hours of services provided to boys and girls and their families. The Support Services includes management and general expenses and fundraising expenses not directly associated with activities and programs.

Subsequent Events

Management has evaluated all subsequent events through the date the financial statements were available for distribution, May 18, 2021, for possible inclusion as a disclosure in the financial statements. There were no events that require disclosure.

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
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Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

3. Liquidity and Availability

Financial assets available for general expenditure and other contractual obligations, that is, without donor or other restrictions limiting their use, within one year of balance sheet date, comprise of the following at December 31:

	<u>2020</u>	<u>2019</u>
Cash, restricted cash and cash equivalents	\$ 7,648,335	\$ 6,909,025
Investments	35,866,897	32,582,408
Service contract fee receivables, net	3,180,575	3,203,870
Promises to give, net	8,757,974	5,286,570
Other receivables, net	71,172	95,290
Total financial assets	<u>55,524,953</u>	<u>48,077,163</u>
Less amounts not available to be used within one year for general expenditures:		
Endowment investments held in perpetuity	(2,950,273)	(2,726,345)
Endowment cash held in perpetuity	(34,232)	(258,160)
Donor restricted endowment investments	(10,119,635)	(8,413,006)
Donor restricted endowment cash	(117,418)	(796,634)
Board designated endowment investments	(22,429,705)	(18,589,147)
Board designated endowment cash	(260,252)	(1,760,222)
Add back: Subsequent year endowment distribution*	1,580,949	1,522,712
Total endowments not available	<u>(34,330,566)</u>	<u>(31,020,802)</u>
Restricted cash - other	-	(148,454)
Cash surrender value held in perpetuity	(191,529)	(191,529)
Promises to give, net	(8,757,974)	(5,286,570)
Other donor restricted net assets	(12,895,404)	(12,281,509)
Add back: Board appropriated for subsequent year**	4,799,807	5,517,526
Add back: Board designated funds approved for expenditure in one year	2,511,881	1,690,252
Not available to meet general expenditures within one year	<u>(14,533,219)</u>	<u>(10,700,284)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 6,661,168</u>	<u>\$ 6,356,077</u>

*See Note 6 for information regarding BGCGM's distribution policy.

**Included in this amount is current promises to give which are not program restricted by donor.

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
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Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

3. Liquidity and Availability (Continued)

BGCGM receives significant contributions and pledges receivable restricted by donors and considers contributions restricted for programs which are ongoing, major and central to BGCGM annual operations to be available to meet cash needs for general expenditures. BGCGM manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. BGCGM has a liquidity practice to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses. BGCGM has a practice to target a year-end balance that serves net assets without donor restriction to meet 15 to 30 days of expected expenditures. To achieve these targets, BGCGM forecasts its future cash flows, monitors its liquidity quarterly, and monitors its reserves annually.

While BGCGM does not intend to spend from the board designated endowment (other than those allowable under the distribution policy above), these amounts could be made available, if necessary, by obtaining a super-majority vote as discussed in Note 6.

4. Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the 10-year average of the risk-free interest rates applicable to the years in which the promises are received. Conditional promises to give, such as planned giving and bequests, that are subject to modification or revocation of any time by the donor, are not able to be estimated and thus are not included as support until the condition is substantially met. Included in the promises to give are the following unconditional promises to give at December 31:

	<u>2020</u>	<u>2019</u>
Unconditional promises to give before allowance and unamortized discount	\$ 9,483,573	\$ 5,888,594
Less: Allowance for doubtful promises to give	(268,973)	(265,336)
Less: Unamortized discount (discount rate of 1.70% and 3.83% - 2020 and 2019, respectively)	(456,626)	(336,688)
Net unconditional promises to give	<u>\$ 8,757,974</u>	<u>\$ 5,286,570</u>

Payments on promises to give at December 31, 2020 are expected to be received as follows for the years ending December 31:

2021	\$	3,111,635
2022		1,256,000
2023		1,012,100
2024		700,000
2025		500,000
2026 - 2030		2,903,838
Total	<u>\$</u>	<u>9,483,573</u>

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
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Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

5. Investments

For investment purposes, marketable securities are pooled with the exception of the Pieper Challenge Fund, which is maintained in a separate investment portfolio. Realized and unrealized gains and losses and investment income are allocated monthly to the individual portfolios based on the total fair value of pooled investments applicable to each of the respective portfolios.

Investments consist of the following at December 31:

	2020		2019	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Pooled investments	\$ 33,301,769	\$ 26,466,913	\$ 27,758,661	\$ 23,867,122
Corporate bonds – short term	367,285	357,842	2,853,910	2,826,759
Pieper portfolio	2,028,348	1,665,057	1,812,974	1,599,866
Other	163,559	44,942	144,751	45,777
Accrued income	5,936	5,936	12,112	12,112
Total	\$ 35,866,897	\$ 28,540,690	\$ 32,582,408	\$ 28,351,636

Income (loss) derived from investments consists of the following for the year ended December 31, 2020:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Investment distribution	\$ 995,011	\$ 555,065	\$ 1,550,076
Excess investment distribution over dividend and interest income and fees	(822,903)	(480,180)	(1,303,083)
Total dividend and interest income	172,108	74,885	246,993
Realized and change in unrealized gains on investments	3,037,497	1,502,193	4,539,690
Total	\$ 3,209,605	\$ 1,577,078	\$ 4,786,683

Income (loss) derived from investments consists of the following for the year ended December 31, 2019:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Investment distribution	\$ 912,196	\$ 544,156	\$ 1,456,352
Excess investment distribution over dividend and interest income and fees	(551,579)	(412,674)	(964,253)
Total dividend and interest income	360,617	131,482	492,099
Realized and change in unrealized gains on investments	4,031,461	1,939,098	5,970,559
Total	\$ 4,392,078	\$ 2,070,580	\$ 6,462,658

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Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019
(Continued)

5. Investments (Continued)

The following summarized the classification of investments by classification and method of valuation in accordance with the requirements of generally accepted accounting principles for year ending December 31, 2020:

<u>Description</u>	<u>12/31/2020</u>	<u>Fair Value Measurement at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>
Accrued Interest	\$ 5,936	\$ 5,936	\$ -	\$ -
Domestic Fixed Income:				
Treasury and federal agencies - intermediate term	6,443,332	6,443,332	-	-
Corporate bonds - short term	367,285	367,285	-	-
Charitable trust - short term	1,453	1,453	-	-
Total domestic fixed income	<u>6,812,070</u>	<u>6,812,070</u>	-	-
Domestic Equities:				
Mutual Funds:				
Equity funds - small cap	1,464,269	1,464,269	-	-
Equity funds - large cap	4,472,294	4,472,294	-	-
Diversified investment pool	126,533	-	126,533	-
Charitable trust	35,573	35,573	-	-
Total mutual funds	<u>6,098,669</u>	<u>5,972,136</u>	126,533	-
Stocks:				
Basic materials	136,068	136,068	-	-
Communication	592,390	592,390	-	-
Consumer cyclical	1,487,691	1,487,691	-	-
Consumer defensive	774,847	774,847	-	-
Energy	25,173	25,173	-	-
Financial services	1,312,115	1,312,115	-	-
Healthcare	1,535,085	1,535,085	-	-
Industrials	1,491,776	1,491,776	-	-
Real estate	112,713	112,713	-	-
Technology	2,064,901	2,064,901	-	-
Total stocks	<u>9,532,759</u>	<u>9,532,759</u>	-	-
Total domestic equities	<u>15,631,428</u>	<u>15,504,895</u>	126,533	-
International Equities:				
Mutual Funds:				
Diversified emerging markets	1,893,614	1,893,614	-	-
Equity funds - large cap	9,954,702	9,954,702	-	-
Total mutual funds	<u>11,848,316</u>	<u>11,848,316</u>	-	-
Stocks:				
Consumer defensive	249,066	249,066	-	-
Financial services	363,298	363,298	-	-
Healthcare	343,719	343,719	-	-
Industrials	179,415	179,415	-	-
Real estate	56,867	56,867	-	-
Technology	348,614	348,614	-	-
Total stocks	<u>1,540,979</u>	<u>1,540,979</u>	-	-
Total international equities	<u>13,389,295</u>	<u>13,389,295</u>	-	-
Other Investments:				
Real estate	28,168	28,168	-	-
Total	<u>\$ 35,866,897</u>	<u>\$ 35,740,364</u>	\$ 126,533	\$ -

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
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Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019
(Continued)

5. Investments (Continued)

The following summarized the classification of investments by classification and method of valuation in accordance with the requirements of generally accepted accounting principles for year ending December 31, 2019:

<u>Description</u>	<u>12/31/2019</u>	<u>Fair Value Measurement at Reporting Date Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Accrued Interest	\$ 12,112	\$ 12,112	\$ -	\$ -
Domestic Fixed Income:				
Treasury and federal agencies - intermediate term	5,815,129	5,815,129	-	-
Corporate bonds - short term	2,853,910	2,853,910	-	-
Charitable trust - short term	1,476	1,476	-	-
Total domestic fixed income	<u>8,670,515</u>	<u>8,670,515</u>	-	-
Domestic Equities:				
Mutual Funds:				
Emerging markets	242,355	242,355	-	-
Equity funds - small cap	1,092,988	1,092,988	-	-
Equity funds - large cap	4,276,670	4,276,670	-	-
Diversified investment pool	113,125	-	113,125	-
Charitable trust	30,150	30,150	-	-
Total mutual funds	<u>5,755,288</u>	<u>5,642,163</u>	<u>113,125</u>	-
Stocks:				
Basic materials	122,738	122,738	-	-
Communication	500,680	500,680	-	-
Consumer cyclicals	1,231,388	1,231,388	-	-
Consumer defensive	731,903	731,903	-	-
Energy	59,122	59,122	-	-
Financial services	655,516	655,516	-	-
Healthcare	1,213,781	1,213,781	-	-
Industrials	1,747,935	1,747,935	-	-
Real estate	54,548	54,548	-	-
Technology	1,455,726	1,455,726	-	-
Total stocks	<u>7,773,337</u>	<u>7,773,337</u>	-	-
Total domestic equities	<u>13,528,625</u>	<u>13,415,500</u>	<u>113,125</u>	-
International Equities:				
Mutual Funds:				
Diversified emerging markets	1,529,163	1,529,163	-	-
Equity funds - large cap	7,368,503	7,368,503	-	-
Total mutual funds	<u>8,897,666</u>	<u>8,897,666</u>	-	-
Stocks:				
Basic materials	54,857	54,857	-	-
Consumer defensive	253,689	253,689	-	-
Financial services	366,764	366,764	-	-
Healthcare	213,257	213,257	-	-
Industrials	90,501	90,501	-	-
Real estate	108,339	108,339	-	-
Technology	268,608	268,608	-	-
Total stocks	<u>1,356,015</u>	<u>1,356,015</u>	-	-
Total international equities	<u>10,253,681</u>	<u>10,253,681</u>	-	-
Other Investments:				
Commodities	85,832	85,832	-	-
Real estate	31,643	31,643	-	-
Total other investments	<u>117,475</u>	<u>117,475</u>	-	-
Total	<u>\$ 32,582,408</u>	<u>\$ 32,469,283</u>	<u>\$ 113,125</u>	<u>\$ -</u>

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
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Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

6. Endowment

BGCGM's endowment consists of approximately 40 individual funds established for the sustainability of operational needs. For investment purposes, marketable securities are pooled with the exception of the Pieper Challenge Fund, which is maintained in a separate investment portfolio and consists of donor-restricted funds and funds designated by the Board of Trustees to function as endowments.

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

BGCGM has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, BGCGM classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by BGCGM in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the BGCGM considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of BGCGM, and (7) BGCGM'S investment policies.

Investment Return Objectives, Risk Parameters and Strategies. BGCGM has adopted investment and spending policies, approved by the Board of Trustees, for the endowment assets. The objectives of the Endowment have been established in conjunction with a comprehensive review of long-term financial requirements. The objectives are to maximize return within reasonable and prudent levels of risk and maintain an appropriate asset allocation based on a total return policy that is compatible with a flexible spending policy, while still having the potential to produce positive real returns. The investment guidelines for the portfolio are based upon an investment horizon of greater than five years. Therefore, interim fluctuations should be viewed with appropriate perspective. The Committee recognizes and acknowledges some risk must be assumed in order to achieve the long-term investment objectives of the portfolio, and there are uncertainties and complexities associated with contemporary investment markets. In establishing the risk tolerances, the Endowment's ability to withstand short-and intermediate-term variability were considered. The Endowment's current financial condition, as well as prospects for the future, suggest some interim fluctuations in market value and rates of return may be tolerated in order to achieve longer-term objectives.

Spending Policy - BGCGM has a policy which utilizes a 5.5% quarterly distribution rate based on a twelve-quarter moving average ending September 30th of the prior fiscal year in which the distribution is planned, excluding the Pieper Challenge Fund. In establishing this policy, BGCGM considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The quarterly distribution, as governed by the spending policy above, is included as part of the annual budget. Any proposed distribution in excess of the spending policy must be approved at a regularly scheduled board meeting by a super-majority (2/3 minimum) of board members present.

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Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

6. Endowment (Continued)

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). BGCGM has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

The Pieper Challenge Fund utilizes an annual distribution based on comparing the September 30th balance of the prior fiscal year in which the distribution is planned to the high-water mark. The calculation resulted in a distribution of \$87,364 and \$71,968 at December 31, 2020 and 2019, respectively.

Endowment Net Asset Composition by Type of Fund as of December 31, 2020 is as follows:

	Without Donor Restriction	With Donor Restriction	Total Endowment Funds
Donor-restricted gifts in perpetuity	\$ -	\$ 2,984,505	\$ 2,984,505
Donor-restricted gifts	-	10,237,053	10,237,053
Board-designated	22,689,957	-	22,689,957
Total funds	\$ 22,689,957	\$ 13,221,558	\$ 35,911,515

Changes in endowment net assets as of December 31, 2020 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 20,349,369	\$ 12,194,145	\$ 32,543,514
Contributions	277,995	-	277,995
Investment income	153,480	74,885	228,365
Net appreciation	3,042,372	1,507,593	4,549,965
Transfer	(138,248)	-	(138,248)
Amounts appropriated for expenditure	(995,011)	(555,065)	(1,550,076)
Endowment net assets, end of year	\$ 22,689,957	\$ 13,221,558	\$ 35,911,515

In addition to the endowment investments, BGCGM has board designated investments composed of corporate bonds and cash – short term with a fair value of \$367,296 and a cost of \$357,853. Those bonds had interest income of \$18,279 and unrealized gain of \$9,454.

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(Continued)

6. Endowment (Continued)

Endowment Net Asset Composition by Type of Fund as of December 31, 2019 is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>			<u>Total Endowment Funds</u>
		<u>Other Funds</u>	<u>Underwater Funds</u>	<u>Total</u>	
Donor-restricted gifts in perpetuity	\$ -	\$ 2,580,899	\$ 403,606	\$ 2,984,505	\$ 2,984,505
Donor-restricted gifts	-	9,214,385	(4,745)	9,209,640	9,209,640
Board-designated	20,349,369	-	-	-	20,349,369
Total funds	\$ 20,349,369	\$ 11,795,284	\$ 398,861	\$ 12,194,145	\$ 32,543,514

Changes in endowment net assets as of December 31, 2019 are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 15,850,428	\$ 10,660,601	\$ 26,511,029
Contributions	1,404,843	-	1,404,843
Investment income	260,687	131,482	392,169
Net appreciation	3,934,207	1,946,218	5,880,425
Transfer	(188,600)	-	(188,600)
Amounts appropriated for expenditure	(912,196)	(544,156)	(1,456,352)
Endowment net assets, end of year	\$ 20,349,369	\$ 12,194,145	\$ 32,543,514

In addition to the endowment investments, BGCGM has board designated investments composed of corporate bonds and cash – short term with a fair value of \$2,853,911 and a cost of \$2,826,760. Those bonds had interest income of \$100,206 and unrealized gain of \$27,151.

7. Land, Building and Equipment

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Land and land improvements	\$ 3,422,035	\$ 3,423,931
Buildings	10,270,066	10,403,019
Leasehold improvements	2,823,448	2,823,448
Furniture and equipment	3,128,975	3,248,864
Work in progress	503,801	124,379
Total	20,148,325	20,023,641
Less: Accumulated depreciation	(12,793,206)	(12,369,683)
Net	\$ 7,355,119	\$ 7,653,958

During 1990, BGCGM entered into an agreement with Milwaukee County for the construction of the Mary Ryan facility. BGCGM leases the building from the County. For 2020 and 2019, BGCGM includes \$2,500,000 of leasehold improvements, representing its commitment to provide 50% of the construction costs of the building up to \$2,500,000.

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

7. Land, Building and Equipment (Continued)

Milwaukee County has responsibility for all major repair costs to the Mary Ryan facility as well as utility costs up to a maximum of \$50,000 per year under the terms of the lease. The initial lease term is twenty years at an annual rent of \$1. The lease provides for three additional ten-year renewal periods at the option of BGCGM, at a rent to be negotiated. BGCGM recognized contribution revenue and rent expense of \$550,000 during 2020 and 2019, related to the lease, which approximates the estimated fair market value of the lease.

Mary Ryan renovations for the years ending December 31, 2020 and 2019 totaled \$-0- and \$23,795, respectively for the Teen Center and general facilities. Total BGCGM renovation costs to date are \$1,570,122.

During 2000, BGCGM entered into a leasing agreement with the City of Milwaukee for the Fitzsimonds facility. The lease commenced on January 1, 2000 and will terminate on June 30, 2029, with a rental fee of \$1 annually. The lease provides for two additional ten-year periods under the same terms and conditions as that of the original term. BGCGM is responsible for the installation, maintenance and service of telephone lines, together with costs of maintaining and replacing this equipment. The City of Milwaukee Board of School Directors will bear the cost of electricity, gas, water and sewer. BGCGM recognized both contribution revenue and rent expense of \$334,580 during 2020 and 2019, related to the lease, which approximates the estimated fair value of the lease.

During 2003, BGCGM entered into a ground lease agreement with the Academy of Learning & Leadership, which allowed the Academy to construct a school on the Boys & Girls Club property and share certain space in the LaVarnway Club during the school day. The term of the agreement is for 99 years with base rent of \$10 per year. In 2014, Milwaukee Rescue Mission, a not for profit organization that operates a choice school replaced the Academy of Learning & Leadership in all material aspects of the ground lease.

During 2017, BGCGM sold the LaVarnway Club to the Milwaukee Rescue Mission and entered a lease agreement for the space occupied by BGCGM. The lease term ends on March 22, 2022 and provides BGCGM with an early termination provision. Annual rent is \$78,000 and includes utilities, as well as repairs and maintenance costs. During 2020 and 2019, BGCGM recognized contribution revenue for the estimated excess of fair market value over the lease payment of \$175,670 and total rent expense of \$253,670.

During 2005, BGCGM entered into leasing agreements with the City of Milwaukee for the Hillside facility. The lease runs on a yearly basis. BGCGM is responsible for the daily maintenance of the facilities; however, the City of Milwaukee shall provide all utilities. BGCGM recognized total contribution revenue based on the excess of the fair market value of the lease over the lease payments of \$153,180 during 2020 and 2019. Rent expense was \$181,500 during 2020 and 2019. Hillside facility renovations for the years ending December 31, 2020 and 2019 totaled \$20,052 and \$-0-, respectively. Total BGCGM renovation costs to date are \$75,836.

During 2005, BGCGM entered into a lease agreement with HR Academy, Inc. for the Daniels Mardak Club. The term of the lease is 20 years with a base rent of \$1 per year paid in full on the commencement date. The landlord is responsible for repairs, maintenance, and utilities, excluding telecommunications. BGCGM will contribute a minimum of \$50,000 per year for rent during years 8-20 of the lease to assist with landlords' maintenance. BGCGM recognized total contribution revenue based on the excess of the fair market value of the lease over lease payments of \$126,986 and \$132,062 during 2020 and 2019, respectively. Rent expense of \$300,590 during 2020 and 2019. There were no renovation costs incurred in 2020 and 2019. Total BGCGM renovation costs to date are \$110,884.

During 2017, BGCGM and HR Academy, Inc. signed a re-stated 7-year lease with an escalating rent schedule. Rent begins at \$13,500 in year 1 and ends at \$16,117 in year 7. The lease expires in August 2024.

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

7. Land, Building and Equipment (Continued)

Equipment under a capital leases consists of two copiers with a combined capitalized cost of \$25,993. Accumulated depreciation and amortization in the statements of financial position included \$17,694 and \$11,098 relating to these leased copiers in 2020 and 2019, respectively. Depreciation and amortization expense reported in the statements of activities includes \$6,595 for the equipment under capital lease in 2020 and 2019. The leases include \$1 purchase options at the end of the lease period. Future minimum lease payments are as follows for the years ending December 31:

2021	\$	7,145
2022		2,198
Total	\$	<u>9,343</u>

The imputed interest necessary to reduce the net minimum lease payments to present value is considered immaterial.

8. Line of Credit

On April 17, 2019, BGCGM entered into a new demand line of credit agreement with BMO Harris Bank. The facility is an unsecured \$5,000,000 demand line of credit with an interest rate of LIBOR +0.90%. Covenants are limited to providing financial reporting along with maintaining operating deposit accounts at BMO. Borrowings outstanding at December 31, 2020 and 2019 were \$-0-. There was no interest paid in 2020 and 2019.

9. Net Assets

Net assets without donor restriction balances consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Board Designated Endowment Cash and Investments	\$ 22,689,957	\$ 20,349,369
Board Designated Investments	367,296	2,853,911
Undesignated	2,928,662	700,262
Total	<u>\$ 25,985,915</u>	<u>\$ 23,903,542</u>

Net assets with donor restriction consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specific purpose:		
General operating programs	\$ 19,667,930	\$ 18,384,767
General camp programs	2,500,187	2,244,602
Scholarships and education funds	927,315	830,154
Total	<u>23,095,432</u>	<u>21,459,523</u>
Subject to the passage of time:		
Time restricted to use in future periods	8,757,974	5,286,570
Charitable remainder annuity trust	37,026	31,627
Total	<u>8,795,000</u>	<u>5,318,197</u>
Held in perpetuity:		
Endowment Fund	2,984,505	2,984,505
Cash surrender value – life insurance	191,528	191,528
Total	<u>3,176,033</u>	<u>3,176,033</u>
Total net assets with donor restriction	<u>\$ 35,066,465</u>	<u>\$ 29,953,753</u>

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

9. Net Assets (Continued)

Net assets released from donor restriction consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Satisfaction of purpose restriction	\$ 5,774,378	\$ 6,630,293
Satisfaction of time restriction	3,326,428	3,728,182
Total net assets released from restriction	<u>\$ 9,100,806</u>	<u>\$ 10,358,475</u>

10. Pension Plan

The 401k plan covers substantially all full-time employees and continues to be administered by the BGCGM. BGCGM contributes 3% of the participant's salary based on participation level which is vested immediately. In addition, BGCGM matches up to 4% of the participant's salary based on participation level. Total pension expense for the years ending December 31, 2020 and 2019 was \$446,125 and \$446,242, respectively.

11. Special Events

Special event activities are netted on the statements of activities. Gross special event revenues and expenses for the years ended December 31 are as follows:

	<u>2020</u>	<u>2019</u>
Special events revenue, gross	\$ 144,321	\$ 819,537
Less cost of direct benefit to donors	-	(75,806)
Special event revenue, net	144,321	743,731
Less other non-direct expenses	(3,226)	(106,746)
Special events, net	<u>\$ 141,095</u>	<u>\$ 636,985</u>

12. Operating Leases

BGCGM leased multiple vehicles for general operational purposes. The expense for 2020 and 2019 was \$43,024 and \$35,866, respectively. The leases are of various lengths and terms and require payments in the subsequent years as follows for the years ending December 31:

2021	\$	38,324
2022		12,918
Total	<u>\$</u>	<u>51,242</u>

13. Related-Party Transactions

BGCGM paid liability insurance premiums of \$118,740 and \$103,000; investment costs, including fees paid to the investment advisor as well as pass through fees paid to the investments managers of \$88,850 and \$86,205; and construction project costs of \$1,296 and \$212,083; and advertising and marketing costs of \$24,639 and \$46,983 during 2020 and 2019, respectively, to companies in which an executive is also a member of BGCGM's Board of Trustees. BGCGM also receives grant money from a pass-through entity in which the BGCGM's president is on the board of directors of the pass-through entity. In addition, certain members of BGCGM's Board of Trustees are employed by or serve on boards of directors of various organizations or service companies with which BGCGM does business. In general, the services provided are valued below market and include banking, insurance coverage and vehicle leases. BGCGM obtains conflict of interest statements from all trustees which disclose such relationships. All such relationships have been reviewed by the Board of Trustees.

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

14. Major Grantors or Contributors

BGCGM received approximately 39% and 47% of its annual revenue from federal, state and over government awards for the years ended December 31, 2020 and 2019, respectively.

15. Concentration of Credit Risk Regarding Cash

BGCGM financial instruments are exposed to concentrations of credit risk consisting of cash. BGCGM maintains its cash with three financial institutions. The total cash balances of BGCGM are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per bank. BGCGM held cash throughout the year which, at times, exceeded the balance insured by the FDIC. BGCGM monitors such credit risk and has not experienced any losses related to such risks.

16. Risks and Uncertainties

BGCGM has investments in various equities. These investment securities are exposed to various risks of loss such as market and credit risks. Due to the level of risk associated with these investment securities, it is at least reasonably possible that changes in value of these investment securities will occur in the near term and those changes could materially affect the amounts reported on the statements of financial position.

17. Commitments and Contingencies

BGCGM is occasionally involved in various legal proceedings, claims and administrative actions arising in the normal course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on BGCGM's financial position, activities or cash flows.

18. Financial Awards from Grantors

Financial awards from federal, state and local governments in the form of grants are subject to special audit. Such audits could result in claims against BGCGM for disallowed costs or noncompliance with grantor restrictions.

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
Milwaukee, Wisconsin

Statements of Functional Expenses for Legacy Clubs
Years Ended December 31, 2020 and 2019

Year Ended December 31, 2020	PROGRAM SERVICES						
	La Varnway Club	Davis Club	Mary Ryan Club	Pieper - Hillside Club	Fitzsimonds Club	Daniels-Mardak Club	Total
Salaries and wages	\$ 283,012	\$ 447,159	\$ 386,833	\$ 176,737	\$ 262,202	\$ 306,187	\$ 1,862,130
Employee benefits	64,038	68,560	80,485	35,794	30,935	56,462	336,274
Payroll taxes	25,884	41,637	34,579	17,998	26,222	33,410	179,730
Total salaries and related expenses	372,934	557,356	501,897	230,529	319,359	396,059	2,378,134
Professional fees and contracted services	-	777	-	1,920	148	180	3,025
Supplies	35,269	52,242	34,418	36,792	31,718	42,436	232,875
Telephone	11,426	15,622	6,687	3,069	2,577	9,156	48,537
Postage	-	250	-	-	-	-	250
Utility and occupancy	285,795	127,022	652,819	200,926	337,320	331,308	1,935,190
Printing and subscriptions	300	300	284	185	285	300	1,654
Transportation	4,742	5,010	504	190	503	2,502	13,451
Conferences, conventions and meetings	-	257	-	-	-	-	257
Dues and memberships	2,112	2,733	3,345	1,650	1,698	2,172	13,710
Insurance	10,110	44,182	25,751	7,063	8,216	5,413	100,735
Other, net	-	1	-	-	1	-	2
Total noncompensation expenses	349,754	248,396	723,808	251,795	382,466	393,467	2,349,686
Total expenses before depreciation	722,688	805,752	1,225,705	482,324	701,825	789,526	4,727,820
Depreciation and amortization	6,505	67,658	109,155	20,876	25,678	16,909	246,781
Total expenses	\$ 729,193	\$ 873,410	\$ 1,334,860	\$ 503,200	\$ 727,503	\$ 806,435	\$ 4,974,601

Year Ended December 31, 2019	PROGRAM SERVICES						
	La Varnway Club	Davis Club	Mary Ryan Club	Pieper - Hillside Club	Fitzsimonds Club	Daniels-Mardak Club	Total
Salaries and wages	\$ 398,237	\$ 608,940	\$ 422,074	\$ 323,916	\$ 236,479	\$ 379,805	\$ 2,369,451
Employee benefits	71,721	76,705	73,577	52,660	32,146	40,565	347,374
Payroll taxes	38,136	59,673	40,592	30,558	22,544	36,777	228,280
Total salaries and related expenses	508,094	745,318	536,243	407,134	291,169	457,147	2,945,105
Professional fees and contracted services	-	2,473	1,450	7,005	155	3,780	14,863
Supplies	40,009	71,927	50,293	22,489	19,898	51,648	256,264
Telephone	25,287	11,318	2,833	2,890	23,487	26,754	92,569
Postage	-	323	-	-	-	-	323
Utility and occupancy	273,185	132,803	650,271	212,848	337,444	317,149	1,923,700
Printing and subscriptions	-	37	-	-	-	121	158
Transportation	18,522	13,906	19,647	6,583	6,077	16,265	81,000
Conferences, conventions and meetings	653	1,482	4,337	175	173	561	7,381
Dues and memberships	2,492	3,492	3,407	1,787	2,157	2,515	15,850
Insurance	8,219	33,019	23,334	5,152	4,411	5,074	79,209
Other, net	502	3,542	81	9,140	9	10,523	23,797
Total noncompensation expenses	368,869	274,322	755,653	268,069	393,811	434,390	2,495,114
Total expenses before depreciation	876,963	1,019,640	1,291,896	675,203	684,980	891,537	5,440,219
Depreciation and amortization	6,941	71,691	108,230	15,520	25,803	17,645	245,830
Total expenses by function	\$ 883,904	\$ 1,091,331	\$ 1,400,126	\$ 690,723	\$ 710,783	\$ 909,182	\$ 5,686,049

See Independent Auditors' Report



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Boys & Girls Clubs of Greater Milwaukee, Inc.
Milwaukee, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Boys & Girls Clubs of Greater Milwaukee, Inc. ("BGCGM") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered BGCGM's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the BGCGM's internal control. Accordingly, we do not express an opinion of the effectiveness of the BGCGM's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether BGCGM's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of BGCGM's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BGCGM's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

May 18, 2021
Milwaukee, Wisconsin



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE AND THE WISCONSIN STATE SINGLE AUDIT GUIDELINES**

Board of Trustees
Boys & Girls Clubs of Greater Milwaukee, Inc.
Milwaukee, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited Boys & Girls Clubs of Greater Milwaukee, Inc.'s ("BGCGM") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Wisconsin State Single Audit Guidelines* that could have a direct and material effect on each of the BGCGM's major federal and state programs for the year ended December 31, 2020. The BGCGM's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the BGCGM's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the *Wisconsin State Single Audit Guidelines*. Those standards, the Uniform Guidance and the *Wisconsin State Single Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the BGCGM's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the BGCGM's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the BGCGM complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the BGCGM is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the BGCGM's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and *Wisconsin State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the BGCGM's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on requirements of the Uniform Guidance and *Wisconsin State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

May 18, 2021
Milwaukee, Wisconsin

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
Milwaukee, Wisconsin

Schedule of Expenditures of Federal, State and Other Government Awards
Year Ended December 31, 2020

Federal Government Award Programs and Funding Agencies	CFDA Number	Pass-Through Entity Identifying Number	Expenditures	Subrecipient Awards
U.S. Department of Agriculture:				
Passed through Office of Food and Nutrition Service:				
Passed through State of Wisconsin Department of Public Instruction:				
<i>Child and Adult Care Food Program</i>	10.558	2020-402647-DPI-CCI-551, 2020-402647-DPI-AR-566	\$ 107,138	\$ -
<i>Child and Adult Care Food Program - COVID 19</i>	10.558	2020-402647-DPI-AR-566	486,366	-
Subtotal <i>Child and Adult Care Food Program</i>			<u>593,504</u>	-
<i>Child Nutrition Cluster:</i>				
<i>Summer Food Service Program for Children - COVID 19</i>	10.559	2020-402647-DPI-SFSP-566	995,627	-
Passed through State of Wisconsin Department of Health Services:				
Passed through MAXIMUS Human Services:				
<i>State Administrative Matching Grants for the</i>				
<i>Supplemental Nutrition Assistance Program - FSET Region 2</i>	10.561	HMNS311S-19-0072	71,181	-
Passed through Office of Natural Resources Conservation Service:				
<i>Enviromental Quality Incentives Program</i>	10.912	EQIP 2018 745F481936N, EQIP 2018 745F48193S8	13,252	-
Total U.S. Department of Agriculture			<u>1,673,564</u>	-
U.S. Department of Housing and Urban Development:				
Passed through Office of Community Planning and Development				
Passed through City of Milwaukee:				
<i>Community Development Block Grants/Entitlement Grants Cluster:</i>				
LaVarnway Community Center	14.218	C15120B005	10,613	-
Davis Community Center	14.218	C15120B005	12,597	-
Mary Ryan Community Center	14.218	C15120B005	9,865	-
Fitzsimonds Community Center	14.218	C15120B005	18,516	-
Daniels Mardak	14.218	C15120B005	9,502	-
Dream Bikes	14.218	C15120B005	2,750	-
Subtotal <i>Community Development Block Grants/Entitlement Grants Cluster:</i>			<u>63,843</u>	-
Total U.S. Department of Housing and Urban Development			63,843	-
U.S. Bureau of Justice Administration:				
Passed through Office of Juvenile Justice and Delinquency Prevention:				
Passed through Boys & Girls Clubs of America:				
<i>Juvenile Mentoring Program:</i>				
Mentoring Programs Implementation - Mary Ryan	16.726	OJP 2019-46733	33,408	-
Mentoring Programs Implementation - Pieper-Hillside	16.726	OJP 2019-46758	20,025	-
Mentoring Programs Implementation - Davis	16.726	OJP 2019-46759	37,852	-
Mentoring Programs Implementation - LaVarnway	16.726	OJP 2019-46760	35,642	-
Mentoring Programs Implementation - Fitzsimonds	16.726	OJP 2019-46761	31,194	-
Mentoring Programs Implementation - Daniels Mardak	16.726	OJP 2019-46763	31,334	-
Mentoring Programs Implementation - Mitchell	16.726	OJP 2019-46764	27,486	-
Subtotal <i>Juvenile Mentoring Program</i>			<u>216,941</u>	-
Total U.S. Bureau of Justice Administration			216,941	-
U.S. Department of Labor:				
Passed through Office of Employment Training Administration:				
Passed through Wisconsin Department of Workforce Development:				
Passed through Employ Milwaukee Workforce Development:				
<i>Workforce Innovation and Opportunity Act (WIOA) Cluster</i>				
WIOA In School Youth Program	17.259	B0022-WIOAISYB&G-140-19- 8110-35, B0022- WIOAISYB&G-140-21-8110- 35	195,835	-
Total U.S. Department of Labor			<u>195,835</u>	-
U.S. Department of Treasury:				
Passed through Department of Administration:				
Passed through City of Milwaukee:				
Coronavirus Aid, Relief, and Economic Security Act (CARES) - COVID 19	21.019	CG151020510-CARES BGCGM 7830	258,790	221,427

See Independent Auditors' Report on Notes to the Schedule of Expenditures of Federal, State and Other Government Awards.

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
Milwaukee, Wisconsin

Schedule of Expenditures of Federal, State and Other Government Awards
Year Ended December 31, 2020
(Continued)

Federal Government Award Programs and Funding Agencies	CFDA Number	Pass-Through Entity Identifying Number	Expenditures	Subrecipient Awards
U.S. Department of Education:				
Office of Elementary and Secondary Education:				
Passed through Wisconsin Department of Public Instruction:				
<i>Twenty-First Century Community Learning Centers:</i>				
Milwaukee Academy of Science Community Learning Center	84.287	2020-402647-CLC DPI-367, 2021-402647-DPI-TIVB-367	\$ 110,855	\$ -
Milwaukee Early View Academy of Excellence Community Learning Center	84.287	2020-402647-CLC DPI-367, 2021-402647-DPI-TIVB-367	70,960	-
Milwaukee St. Joseph Academy Community Learning Center	84.287	2020-402647-CLC DPI-367, 2021-402647-DPI-TIVB-367	104,622	-
Northwest Catholic Community Learning Center	84.287	2020-402647-CLC DPI-367, 2021-402647-DPI-TIVB-367	85,354	-
Prince of Peace Community Learning Center	84.287	2020-402647-CLC DPI-367, 2021-402647-DPI-TIVB-367	101,573	-
Passed through Milwaukee Public Schools:				
Allenfield Community Learning Center	84.287	C028873, C029662	100,325	-
Audubon Community Learning Center	84.287	C028873, C029662	98,339	-
Barack Obama Community Learning Center	84.287	C028873, C029662	121,369	-
Bay View Community Learning Center	84.287	C028873, C029662	74,889	-
Bethune Community Learning Center	84.287	C028873, C029662	62,492	-
Carson Community Learning Center	84.287	C028873, C029662	119,730	-
Cass Community Learning Center	84.287	C028873, C029662	118,117	-
Clarke Community Learning Center	84.287	C028873, C029662	107,256	-
Engelburg Community Learning Center	84.287	C028873, C029662	103,993	-
Fratney Community Learning Center	84.287	C028873, C029662	117,568	-
Grantosa Community Learning Center	84.287	C028873, C029662	94,494	-
Greenfield Community Learning Center	84.287	C028873, C029662	115,767	-
Hayes Community Learning Center	84.287	C028873, C029662	97,169	-
Kluge Community Learning Center	84.287	C028873, C029662	130,277	-
LaFollette Community Learning Center	84.287	C028873, C029662	99,842	-
Lincoln Community Learning Center	84.287	C028873, C029662	109,710	-
Maple Tree Community Learning Center	84.287	C028873, C029662	101,479	-
North Division Community Learning Center	84.287	C028873, C029662	105,118	-
Riverwest formerly Pierce Community Learning Center	84.287	C028873, C029662	123,289	-
Sherman Community Learning Center	84.287	C028873, C029662	97,558	-
Siefert Community Learning Center	84.287	C028873, C029662	114,747	-
Townsend Community Learning Center	84.287	C028873, C029662	101,364	-
Washington Community Learning Center	84.287	C028873, C029662	87,583	-
Wedgewood Street Community Learning Center	84.287	C028873, C029662	95,445	-
Zablocki Community Learning Center	84.287	C028873, C029662	119,572	-
53rd Street Community Learning Center	84.287	C028873, C029662	114,095	-
81st Street Community Learning Center	84.287	C028873, C029662	120,983	-
<i>Subtotal Twenty-First Century Community Learning Centers</i>			<u>3,325,934</u>	-
Passed through Office of Innovation and Improvement:				
Passed through Education Analytics:				
<i>Education Innovation and Research (formerly Investing in Innovation (i3) Fund):</i>				
SPARK Center Scaling and Validating a Research-based Cost Effective Literacy Intervention - EIR	84.411B	U411B170045-17A	172,082	-
Total U.S. Department of Education			<u>3,498,016</u>	-

See Independent Auditors' Report on Notes to the Schedule of Expenditures of Federal, State and Other Government Awards.

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
Milwaukee, Wisconsin

Schedule of Expenditures of Federal, State and Other Government Awards
Year Ended December 31, 2020
(Continued)

Federal Government Award Programs and Funding Agencies	CFDA Number	Pass-Through Entity Identifying Number	Expenditures	Subrecipient Awards
U.S. Department of Health and Human Services:				
Passed through Office of the Secretary:				
Passed through Office of Adolescent Health:				
<i>Teen Pregnancy Prevention Collaborative Program (Tier 1B)</i>	93.297	TP1AH000103-05-01	\$ 770,915	\$ 350,724
<i>Teen Pregnancy Prevention Program (Tier 1B)</i>	93.297	TP1AH000221-01-00	170,373	-
<i>Subtotal Teen Pregnancy Prevention Program</i>			<hr/>	<hr/>
			941,288	350,724
Passed through Administration for Children and Families:				
Passed through State of Wisconsin - Department of Children and Families:				
<i>Temporary Assistance for Needy Families Cluster:</i>				
Wisconsin After Three Program	93.558	437004-S19-0001427-000	1,074,513	895,533
Be Great: Graduate Program	93.558	437004-S19-0001427-000	737,468	596,053
Be Great: Graduate Program - COVID 19	93.558	437004-S19-0001427-000	459,445	371,959
<i>Subtotal Temporary Assistance for Needy Families Cluster</i>			<hr/>	<hr/>
			2,271,426	1,863,545
Total U.S. Department of Health and Human Services			<hr/>	<hr/>
			3,212,714	2,214,269
Corporation For National and Community Service:				
Passed through Wisconsin National & Community Service Board:				
<i>AmeriCorps Education through Art, Reading and Nature (EARN)</i>	94.006	AD199135	203,973	-
<i>AmeriCorps Academic and Career Planning (ACP)</i>	94.006	AD199125	84,915	-
<i>AmeriCorps Inspire HOPE</i>	94.006	AD199134	22,784	-
<i>AmeriCorps Inspire HOPE</i>	94.006	AD199128	51,513	-
<i>Subtotal Americorp</i>			<hr/>	<hr/>
			363,185	-
Total Corporation For National and Community Service			<hr/>	<hr/>
			363,185	-
			<hr/>	<hr/>
			9,482,888	2,435,696
Total Federal Government Awards Programs				
State Government Award Programs and Funding Agencies				
Wisconsin Segregated Revenue:				
Passed through Public Service Commission of Wisconsin				
<i>Universal Service Funds Nonprofit Access Grant Program</i>	155.189	5-NF-2018	1,505	-
Wisconsin Department of Workforce Development:				
Passed through Employ Milwaukee Workforce Development:				
Passed through Employ Milwaukee Workforce Development:				
		B0022-SUMMERB&G-143-		
<i>Governor Evers 2020 Summer Youth Employment Program</i>	3693	21-8110-35	45,000	-
Passed through State of Wisconsin - Department of Children and Families:				
Passed through Employ Milwaukee Workforce Development:				
		437003-G19-		
<i>Brighter Future Initiative</i>	0001300-00-02	B0022-BRIGHTB&G-314-19- 8110-35	230,653	-
Total State Programs			<hr/>	<hr/>
			277,158	-
Other				
Wisconsin Shares - Fee for Service - COVID 19	N/A	N/A	313,798	-
Wisconsin Shares - Fee for Service	N/A	N/A	1,884,640	-
Wisconsin - Out of School Support	N/A	N/A	250,000	-
Employee Retention Credit	N/A	N/A	45,310	-
Total Other			<hr/>	<hr/>
			2,493,748	-
Total Federal, State and Other Government Awards			<hr/>	<hr/>
			\$ 12,253,794	\$ 2,435,696

See Independent Auditors' Report on Notes to the Schedule of Expenditures of Federal, State and Other Government Awards.

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
Milwaukee, Wisconsin

**Notes to Schedule of Expenditures
of Federal, State and Other Government Awards**
December 31, 2020

1. Basis of Presentation

The accompanying "Schedule of Expenditures of Federal, State and Other Government Awards" ("Schedule") includes the federal, state and other government award activity of the BGCGM under programs of the federal and state government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the *Wisconsin State Single Audit Guidelines*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. Because the schedule presents only a selected portion of the operations of the BGCGM, it is not intended to and does not present the net financial position, changes in net assets or cash flows of BGCGM. All federal, state and other government awards received directly from federal, state and other agencies as well as federal and state financial awards passed through other agencies are included on the schedule.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

The BGCGM has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. Subsequent Events

Subsequent to year-end, the United States Department of Agriculture extended the Summer Food Service Program and the National School Lunch Program Seamless Summer Option to operate through September 30, 2021 which:

- Allows meals to be served in all areas and at no cost.
- Permits meals to be served outside of the typically required group setting and mealtimes.
- Waives meal pattern requirements as necessary.
- Allows parents and guardians to pick-up meals for their children.

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
Milwaukee, Wisconsin

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2020

None reported.

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
Milwaukee, Wisconsin

Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Section I: Summary of Auditors' Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | None Reported |
| 3. Noncompliance material to the financial statements noted? | No |

Federal and State Awards

- | | |
|--|---------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | None Reported |
| 5. Type of auditors' report issued on compliance with major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or the <i>Wisconsin State Single Audit Guidelines</i> ? | No |
| 7. Dollar threshold used to distinguish between Type A and Type B programs: | |
| Federal | \$ 750,000 |
| State | \$ 250,000 |
| 8. Auditee qualified as low-risk auditee? | Yes |

9. Identification of major federal program tested:

CFDA Number(s)

10.558
10.559
93.297

Name of Federal Program or Cluster

Child and Adult Care Food Program
Child Nutrition Cluster
Teenage Pregnancy Prevention Program

10. Identification of major state program tested:

State ID Number(s)

437003-G19-0001300-00-02

Name of State Program or Cluster

Brighter Future Initiative

BOYS & GIRLS CLUBS OF GREATER MILWAUKEE, INC.
Milwaukee, Wisconsin

Schedule of Findings and Questioned Costs
Year Ended December 31, 2020
(Continued)

Section II: Financial Statement Findings

None reported.

Section III: Federal and State Single Audit Findings and Questioned Costs

None reported.

Section IV. Other Issues

- | | |
|--|--|
| 1. Does the auditors' report or the notes to the financial statements include a disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the <i>Wisconsin State Single Audit Guidelines</i> : | |
| Department of Workforce Development | No |
| Department of Corrections | N/A |
| Department of Health and Family Services | N/A |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes |
| 4. Name and signature of partner | <hr style="width: 250px; margin-left: auto; margin-right: 0;"/> Brian J. Mechenich |
| 5. Date of Report | May 18, 2021 |