

**BOYS AND GIRLS CLUB OF KENOSHA, INC.
AND BOYS AND GIRLS CLUB
OF KENOSHA FOUNDATION, INC.**

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

WITH INDEPENDENT AUDITORS' REPORT



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Boys & Girls Club of Kenosha, Inc. and
Boys & Girls Club of Kenosha Foundation, Inc.

Opinion

We have audited the accompanying combined financial statements of Boys & Girls Club of Kenosha, Inc. and its affiliate, Boys & Girls Club of Kenosha Foundation, Inc. (collectively, the Organization), which comprise the combined statement of financial position as of December 31, 2024, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Vrakas Advisors LLC

Kenosha, Wisconsin
June 25, 2025

**Boys and Girls Club of Kenosha, Inc. and
Boys and Girls Club of Kenosha Foundation, Inc.**

Combined Statement of Financial Position

December 31, 2024

With Summarized Information as of December 31, 2023

	Boys and Girls Club of Kenosha, Inc.	Boys and Girls Club of Kenosha Foundation, Inc.	Total 2024	Total 2023
CURRENT ASSETS				
Cash	\$ 2,370,612	\$ 138,202	\$ 2,508,814	\$ 2,408,175
Certificate of deposit	410,244	-	410,244	391,353
Investments	-	2,728,279	2,728,279	2,452,301
Accounts receivable	1,030	-	1,030	9,340
Grants receivable	84,031	-	84,031	142,161
Pledges receivable	25,000	-	25,000	2,051
Prepaid expenses	90,744	-	90,744	60,082
TOTAL CURRENT ASSETS	2,981,661	2,866,481	5,848,142	5,465,463
PROPERTY AND EQUIPMENT				
Land	331,951	372,116	704,067	692,567
Buildings and improvements	58,205	10,171,152	10,229,357	10,059,692
Furniture and equipment	1,225,984	18,558	1,244,542	1,202,329
Vehicles	140,225	-	140,225	140,225
Land improvements	277,574	-	277,574	271,276
TOTAL PROPERTY AND EQUIPMENT	2,033,939	10,561,826	12,595,765	12,366,089
Less - accumulated depreciation	1,110,464	2,975,716	4,086,180	3,753,459
NET PROPERTY AND EQUIPMENT	923,475	7,586,110	8,509,585	8,612,630
OTHER ASSET	-	30,000	30,000	30,000
TOTAL ASSETS	\$ 3,905,136	\$ 10,482,591	\$ 14,387,727	\$ 14,108,093
CURRENT LIABILITIES				
Accounts payable	\$ 36,350	\$ -	\$ 36,350	\$ 49,236
Accrued expenses	71,195	-	71,195	20,275
Deferred revenue	114,913	-	114,913	98,043
TOTAL CURRENT LIABILITIES	222,458	-	222,458	167,554
NET ASSETS				
Without donor restrictions	3,654,968	8,825,333	12,480,301	12,395,429
With donor restrictions	27,710	1,657,258	1,684,968	1,545,110
TOTAL NET ASSETS	3,682,678	10,482,591	14,165,269	13,940,539
TOTAL LIABILITIES AND NET ASSETS	\$ 3,905,136	\$ 10,482,591	\$ 14,387,727	\$ 14,108,093

The accompanying notes are an integral part of this statement.

**Boys and Girls Club of Kenosha, Inc. and
Boys and Girls Club of Kenosha Foundation, Inc.**

Combined Statement of Activities

For the Year Ended December 31, 2024

With Summarized Information for the Year Ended December 31, 2023

	Boys and Girls Club of Kenosha, Inc.	Boys and Girls Club of Kenosha Foundation, Inc.	Eliminations	Total 2024	Total 2023
NET ASSETS WITHOUT DONOR RESTRICTIONS					
Revenues and support					
Grants and contracts	\$ 1,378,063	\$ -	\$ -	\$ 1,378,063	\$ 1,210,313
Contributions	384,934	12,000	(12,000)	384,934	469,487
Contribution of nonfinancial asset	796,080	-	(796,080)	-	-
Program fees	1,947,378	-	(250,000)	1,697,378	1,614,790
Special events, net of costs not directly benefitting donors of \$32,646 and \$40,937	480,983	-	-	480,983	460,144
Costs directly benefitting donors	(64,093)	-	-	(64,093)	(71,067)
Concessions sales	81,484	-	-	81,484	78,043
Cost of concession sales	(39,976)	-	-	(39,976)	(47,636)
Rental income	101,608	-	-	101,608	155,398
Investment income, net	-	131,537	-	131,537	153,416
Other	153,407	103	(37,000)	116,510	26,559
Net assets released from restriction	144,325	27,611	-	171,936	45,837
TOTAL REVENUES AND SUPPORT	5,364,193	171,251	(1,095,080)	4,440,364	4,095,284
EXPENSES					
Program services	3,717,654	305,748	(299,000)	3,724,402	3,513,327
Support services					
Management and general	1,320,854	8,655	(796,080)	533,429	524,687
Fundraising	97,661	-	-	97,661	113,268
TOTAL EXPENSES	5,136,169	314,403	(1,095,080)	4,355,492	4,151,282
CHANGE IN NET ASSETS WITHOUT RESTRICTIONS	228,024	(143,152)	-	84,872	(55,998)
NET ASSETS WITH DONOR RESTRICTIONS					
Revenues and support					
Contributions	126,033	68,185	-	194,218	115,034
Investment income	-	117,576	-	117,576	59,583
Net assets released from restriction	(144,325)	(27,611)	-	(171,936)	(45,837)
TOTAL REVENUES AND SUPPORT	(18,292)	158,150	-	139,858	128,780
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(18,292)	158,150	-	139,858	128,780
CHANGE IN TOTAL NET ASSETS	209,732	14,998	-	224,730	72,782
NET ASSETS					
Beginning of year	3,472,946	10,467,593	-	13,940,539	13,867,757
End of year	\$ 3,682,678	\$ 10,482,591	\$ -	\$ 14,165,269	\$ 13,940,539

The accompanying notes are an integral part of this statement.

**Boys and Girls Club of Kenosha, Inc. and
Boys and Girls Club of Kenosha Foundation, Inc.**

Combined Statement of Functional Expenses

For the Year Ended December 31, 2024

With Summarized Information for the Year Ended December 31, 2023

	<u>Support services</u>			Total Support Services	Total 2024	Total 2023
	Program services	Management and general	Fundraising			
Salaries	\$ 1,818,023	\$ 271,659	\$ -	\$ 271,659	\$ 2,089,682	\$ 2,062,714
Pension plan contributions	20,397	3,048	-	3,048	23,445	20,728
Employee benefits	176,776	26,415	-	26,415	203,191	224,571
Payroll taxes	135,705	20,278	-	20,278	155,983	155,242
Worker's compensation	33,752	5,956	-	5,956	39,708	36,615
Professional fees	53,831	31,514	-	31,514	85,345	56,175
Programs and activities	193,876	81	-	81	193,957	194,865
Supplies and uniforms	368,874	-	-	-	368,874	236,987
Staff cell phones	5,625	-	-	-	5,625	6,166
Postage	581	180	623	803	1,384	1,525
Insurance	6,343	1,722	-	1,722	8,065	4,565
Occupancy	311,854	115,343	-	115,343	427,197	420,290
Office supplies and postage	15,695	7,280	-	7,280	22,975	20,291
Technology	105,714	5,564	-	5,564	111,278	89,701
Mileage	941	-	-	-	941	1,489
Conferences and meetings	11,360	2,840	-	2,840	14,200	8,912
Special events	-	-	96,739	96,739	96,739	112,004
Membership dues	10,444	21,206	-	21,206	31,650	32,909
Miscellaneous	24,251	758	253	1,011	25,262	24,880
Transportation	36,430	-	-	-	36,430	34,479
Public/employee relations	146	722	46	768	914	6,583
Drug testing	13,890	3,918	-	3,918	17,808	18,159
Interest and bank charges	48,451	13,666	-	13,666	62,117	59,646
EXPENSES	3,392,959	532,150	97,661	629,811	4,022,770	3,829,496
DEPRECIATION	331,443	1,279	-	1,279	332,722	321,786
TOTAL EXPENSES	\$ 3,724,402	\$ 533,429	\$ 97,661	\$ 631,090	\$ 4,355,492	\$ 4,151,282

The accompanying notes are an integral part of this statement.

**Boys and Girls Club of Kenosha, Inc. and
Boys and Girls Club of Kenosha Foundation, Inc.**

Combined Statement of Cash Flows

For the Year Ended December 31, 2024

With Summarized Information for the Year Ended December 31, 2023

	Boys and Girls Club of Kenosha, Inc.	Boys and Girls Club of Kenosha Foundation, Inc.	Total 2024	Total 2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in total net assets	\$ 209,732	\$ 14,998	\$ 224,730	\$ 72,782
Add (deduct)				
Depreciation	63,974	268,748	332,722	321,786
Realized and unrealized net gain on investments	-	(249,113)	(249,113)	(212,999)
Accrued interest on certificate of deposit	(18,891)	-	(18,891)	(9,369)
Change in cash due to changes in				
Accounts receivable	8,310	-	8,310	(3,065)
Grants receivable	58,130	-	58,130	(40,979)
Pledges receivable	(22,949)	-	(22,949)	85,825
Prepaid expenses	(30,662)	-	(30,662)	18,726
Accounts payable and accrued expenses	38,034	-	38,034	(5,637)
Deferred revenue	16,870	-	16,870	(45,566)
NET CASH FLOW - OPERATING ACTIVITIES	322,548	34,633	357,181	181,504
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of certificate of deposit	-	-	-	(381,984)
Purchases of investments	-	(1,902,348)	(1,902,348)	(546,361)
Proceeds from sale of investments	-	1,875,483	1,875,483	451,195
Purchases of property and equipment	(32,803)	(196,874)	(229,677)	(125,800)
NET CASH FLOW - INVESTING ACTIVITIES	(32,803)	(223,739)	(256,542)	(602,950)
NET CHANGE IN CASH	289,745	(189,106)	100,639	(421,446)
CASH				
Beginning of year	2,080,867	327,308	2,408,175	2,829,621
End of year	<u>\$ 2,370,612</u>	<u>\$ 138,202</u>	<u>\$ 2,508,814</u>	<u>\$ 2,408,175</u>

The accompanying notes are an integral part of this statement.

**Boys and Girls Club of Kenosha, Inc. and
Boys and Girls Club of Kenosha Foundation, Inc.**

Notes to Combined Financial Statements
December 31, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities - Boys and Girls Club of Kenosha, Inc. (the Club) is a nonprofit corporation organized under the laws of the state of Wisconsin. The Club is a youth guidance organization dedicated to promoting health, social, educational, vocational, cultural, character and leadership development. The Club helps youth improve their lives by building skills, values, and self-esteem in order to prevent potential gang involvement and alcohol and other drug abuse. In collaboration with the Kenosha Unified School District #1, the Club offers 21st Century Community Learning Centers. School based learning centers provide safe, supervised sites for academic and enrichment programs for children.

Boys and Girls Club of Kenosha Foundation, Inc. (the Foundation) is a nonprofit organization that was formed with the purpose of raising funds for the Club.

Principles of combination - The Club has a significant economic interest in the Foundation accordingly, the combined financial statements include the accounts of the Club and the Foundation (collectively, the Organization), because. All significant intercompany accounts and transactions have been eliminated in combination.

Basis of accounting - The combined financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Net assets - Net assets, revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

Net assets without donor restrictions - net assets available for use in internal operations and not subject to donor (or certain grantor) restrictions.

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 the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restriction when the assets are placed in service. 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.

Use of estimates - The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events - The combined financial statements include management's evaluation of events and transactions occurring subsequent to December 31, 2024 through June 25, 2025, which is the date the combined financial statements were available to be issued.

Cash - The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less when purchased to be cash. The Organization maintains its cash balances at Federal Deposit Insurance Corporation (FDIC) insured banks. The FDIC provides limited insurance on cash deposits. At times, amounts on deposit may exceed the federally insured limits. To date, the Organization has not experienced losses in any of these accounts and management believes they are not exposed to any significant risk related to their cash.

Investments - The Foundation records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at fair value. Investment income (loss) is reported net in the combined statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

**Boys and Girls Club of Kenosha, Inc. and
Boys and Girls Club of Kenosha Foundation, Inc.**

Notes to Combined Financial Statements
December 31, 2024 and 2023

Credit losses - Financial instruments, including accounts receivable and grants receivable, are measured at the net amount expected to be collected through an allowance for credit losses that is deducted from the amortized cost basis. An allowance for credit losses is maintained based on any specific collection issues and aggregate historical collection experience adjusted for current conditions, forecasting data and any relevant industry specific economic factors. Receivables are written off when deemed uncollectable and are recognized as a reduction to the allowance for credit losses. Based on management's assessment, management does not believe an allowance for credit losses is needed as of December 31, 2024 and 2023.

Pledges receivable - Pledges receivable made to the Organization are recorded in the year the pledge is made. An allowance for pledges receivable is determined based on specific identification. Based on management's assessment, management does not believe an allowance for pledges receivable is needed as of December 31, 2024 and 2023.

Property and equipment - Property and equipment are stated at cost, if purchased, and at fair value at the date of the gift, if donated, less accumulated depreciation. Acquisitions of property and equipment in excess of \$3,000 and expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Contributions that are received with donor restrictions for the purchase or acquisition of property and equipment are released from donor restrictions when the asset is placed in service, unless a donor explicitly states otherwise. Maintenance, repairs and immaterial acquisitions funded through grants are expensed as incurred.

Property and equipment are depreciated using the straight-line method over their estimated useful lives. Estimated useful lives are as follows:

Buildings and improvements	7 - 40 years
Furniture and equipment	3 - 15 years
Vehicles	3 - 5 years
Land improvements	7 - 39 years

Long-lived assets - The Organization annually considers whether indicators of impairment of long-lived assets held for use are present. If such indicators are present, the Organization determines whether the sum of the estimated undiscounted future cash flows attributable to such assets is less than their carrying amount, and if so, the Organization would recognize an impairment loss based on the excess of the carrying amount of the assets over their fair value. Management has determined no indicators of impairment were present as of December 31, 2024 and 2023.

Revenue recognition - The Organization recognizes revenue based on the existence or absence of an exchange transaction. Revenue from exchange transactions is recognized when a performance obligation is satisfied by providing a service to a customer or member or by transferring control over a product to a customer or member.

Concession sales are recognized at the time of purchase.

Contributions, including pledges receivable, are considered non-exchange transactions and are therefore recognized in the period received. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift.

Program fees are recognized at the time the program is held.

Grants and contracts are considered conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Functional allocation of expenses - The costs of program and support services have been summarized on a functional basis in the combined statement of activities. The combined statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Payroll related costs, such as salaries and employee benefits, have been allocated among the programs and supporting services benefited based on a reasonable basis of estimated employee time and effort that is consistently applied.

**Boys and Girls Club of Kenosha, Inc. and
Boys and Girls Club of Kenosha Foundation, Inc.**

Notes to Combined Financial Statements
December 31, 2024 and 2023

Income taxes – The Boys and Girls Club, Inc. and The Boys and Girls Club Foundation, Inc. are not-for-profit entities as described in Section 501(c)(3) of the Internal Revenue Code and are generally exempt from both federal and state income taxes under the provisions of Section 509(a)(2) of the code. However, The Boys and Girls Club, Inc. and The Boys and Girls Club Foundation, Inc. are subject to federal income tax on any unrelated business taxable income. Management has determined there was no unrelated business taxable income in 2024 or 2023 so no provision for income taxes has been recorded.

The Organization analyzed the requirements for accounting for uncertain tax positions and determined that they were not required to record a liability related to uncertain tax positions as of December 31, 2024 and 2023. With few exceptions, The Boys and Girls Club, Inc. and The Boys and Girls Club Foundation, Inc. are no longer subject to federal income tax examinations by tax authorities for years before 2021 and state income tax examinations for years before 2020.

Summarized financial information - The accompanying combined financial statements include certain prior year information that has been summarized. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the audited combined financial statements as of and for the year ended December 31, 2023, from which the summarized information was derived.

Reclassifications – Certain reclassification adjustments were made to the 2023 combined financial statements to conform to the 2024 presentation.

2. LIQUIDITY AND AVAILABILITY

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

	2024	2023
Cash and cash equivalents	\$2,508,814	\$2,408,175
Certificate of deposit	410,244	391,353
Investments	2,728,279	2,452,301
Receivables	110,061	153,552
	5,757,398	5,405,381
Less amounts restricted for endowment	631,145	631,145
	Financial assets available to meet cash needs for general use within one year	\$4,774,236
	\$5,126,253	\$4,774,236

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in short-term investments, certificates of deposits, and money market funds.

3. FAIR VALUE MEASUREMENTS

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical investments (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Valuation is based upon quoted prices in active markets for identical investments.

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Notes to Combined Financial Statements
December 31, 2024 and 2023

- Level 2 - Valuation is based upon other significant observable inputs (including quoted prices for similar investments).
- Level 3 - Valuation is based upon significant unobservable inputs (including the Organization's assumptions in determining the fair value of investments).

The investment'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.

Following is a description of the valuation methodologies used for investments measured at fair value:

Equity securities consist of common stocks listed on national markets or exchanges that are valued using the quoted price, which is available in an active market.

Fixed income securities and preferred stocks consist of bonds and certificates of deposits with individually specific interest rates and maturity dates, asset backed securities and preferred stocks listed on national markets or exchanges that are valued using the quoted price.

Mutual funds and other investments consist of common stocks, mutual funds, and exchange-traded funds listed on national markets or exchanges that are valued using the quoted price, which is available in an active market.

Life Insurance is valued at the premium payout plus fixed interest earnings.

Cash and money funds are determined on the cost basis, which approximates fair value. As a result, they are excluded from the fair value hierarchy level disclosures.

The 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 the Organization believes their 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.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value.

Fair value measurements as of December 31, 2024				
	Level 1	Level 2	Level 3	Total
Fixed income securities	\$ 357,196	\$303,000	\$ -	\$ 660,196
Equity securities	1,010,796	-	-	1,010,796
Preferred stock	-	18,860	-	18,860
Mutual funds	47,104	-	-	47,104
Other investments	348,664	-	-	348,664
Life insurance	-	-	548,065	548,065
	\$ 1,763,760	\$321,860	\$548,065	2,633,685
Cash and money funds*				94,594
Total investments				\$2,728,279

**Boys and Girls Club of Kenosha, Inc. and
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Notes to Combined Financial Statements
December 31, 2024 and 2023

Fair value measurements as of December 31, 2023				
	Level 1	Level 2	Level 3	Total
Fixed income securities	\$ 293,071	\$44,410	\$ -	\$ 337,481
Equity securities	1,213,385	-	-	1,213,385
Preferred stock	-	51,650	-	51,650
Mutual funds	49,624	-	-	49,624
Other investments	207,172	-	-	207,172
Life insurance	-	-	526,478	526,478
	\$1,763,252	\$96,060	\$526,478	2,385,790
Cash and money funds*				66,511
Total investments				\$2,452,301

*The fair value amounts presented in the tables are intended to permit reconciliation of the fair value hierarchy to the amount presented in the combined statements of financial position as of December 31, 2024 and 2023.

The table below sets forth a summary of changes in the fair value of the Organization's level 3 assets for the year ended December 31:

	2024	2023
Balance, January 1	\$526,478	\$505,702
Increase in cash surrender value	21,587	20,776
	\$548,065	\$526,478

4. WISCONSIN UNEMPLOYMENT RESERVE FUND

Under the provisions of the Wisconsin Unemployment Compensation law, the Organization has elected to reimburse the State of Wisconsin for the actual unemployment benefit claims paid to former employees. A letter of credit totaling \$41,891 has been deposited with the Wisconsin Department of Industry, Labor and Human Relations as collateral for future unemployment compensation requirements of the Organization.

5. LINES OF CREDIT

The Club has a \$400,000 revolving line of credit and the Foundation has a \$100,000 revolving line of credit available with a bank with a maturity of October 23, 2025. The lines bear interest at the bank's prime rate (7.50% as of December 31, 2024). There were no borrowings on either line of credit as of December 31, 2024 and 2023.

**Boys and Girls Club of Kenosha, Inc. and
Boys and Girls Club of Kenosha Foundation, Inc.**

Notes to Combined Financial Statements
December 31, 2024 and 2023

6. CONTRIBUTION OF NONFINANCIAL ASSET

The Foundation was the recipient of an award from the Community Development Financial Institutions Fund that benefited the Club by providing funding for the construction of a new facility in 2011. The Club currently leases approximately 79,608 of square feet in the building at 330-52nd Street, Kenosha, Wisconsin from the Foundation for \$100 per year under a lease agreement that went into effect on April 25, 2017. The agreement expired in December 2017 but is currently running under an annual autorenewal of the lease at the existing terms. The estimated fair market value of the use of the building is \$796,080 or \$10 per square foot. The Club has recorded a contribution of nonfinancial asset and the Foundation has recorded a donation expense on the combined statement of activities in the amount of \$796,080, which has then been eliminated upon combination.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31:

	2024	2023
Subject to expenditure for specified purpose		
Golf Academy scholarship fund	\$ 139,303	\$ 138,173
Arts fund	860,351	714,933
Wilk Family fund	16,459	14,857
Wingstop sports team sponsorship	-	2,101
Quilling/Matrise sports scholarship	10,918	13,818
Arts program	3,948	6,000
Tutoring	-	7,794
Troha scholarship	10,000	10,000
Other	12,844	6,289
	1,053,823	913,965
Subject to endowment spending policy and appropriation		
Foundation endowment	631,145	631,145
	\$1,684,968	\$1,545,110

The following net assets were released from donor restricted net assets by the occurrence of certain events or by incurring expenses to satisfy the restricted purpose during the years ended December 31:

	2024	2023
Satisfaction of program restrictions		
Scholarships	\$ 14,101	\$ 5,000
Outreach	20,000	40,837
Art fund	33,839	-
Teen center	65,199	-
Other	38,797	-
	\$ 171,936	\$ 45,837

**Boys and Girls Club of Kenosha, Inc. and
Boys and Girls Club of Kenosha Foundation, Inc.**

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8. ENDOWMENTS

The Foundation has endowment funds which have been established for the benefit of the Club's operations. The endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law - The Board of Trustees of the Foundation 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, the Foundation classifies as 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 restricted net assets held in perpetuity is classified as unrestricted net assets. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

- a. The duration and preservation of the fund
- b. The purpose of the Foundation and the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effect of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of the Foundation
- g. The investment policies of the Foundation

Endowment net asset composition by type of fund as of December 31, 2024 is as follows:

	Without donor restrictions	With donor restrictions	Total
Donor restricted			
Endowment funds	\$ -	\$631,145	\$ 631,145
Accumulated investment gains	533,001	-	533,001
	\$ 533,001	\$631,145	\$1,164,146

Endowment net asset composition by type of fund as of December 31, 2023 is as follows:

	Without donor restrictions	With donor restrictions	Total
Donor restricted			
Endowment funds	\$ -	\$631,145	\$ 631,145
Accumulated investment gains	426,774	-	426,774
	\$ 426,774	\$631,145	\$1,057,919

Investment policies - The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s).

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To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on fixed income-based investments to achieve its long-term return objectives within prudent risk constraints.

Changes in endowment net assets are as follows for the year ended December 31, 2024:

	Without donor restriction	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 426,774	\$631,145	\$ 1,057,919
Investment return, net	106,227	-	106,227
Contributions	-	-	-
Appropriation of endowment assets pursuant to spending policy	-	-	-
Endowment net assets, end of year	<u>\$ 533,001</u>	<u>\$631,145</u>	<u>\$1,164,146</u>

Changes in endowment net assets are as follows for the year ended December 31, 2023:

	Without donor restriction	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 299,418	\$631,145	\$ 930,563
Investment return, net	127,356	-	127,356
Contributions	-	-	-
Appropriation of endowment assets pursuant to spending policy	-	-	-
Endowment net assets, end of year	<u>\$ 426,774</u>	<u>\$631,145</u>	<u>\$1,057,919</u>

9. RETIREMENT PLANS

The Club maintains a SIMPLE pension plan for eligible employees. Employees can defer up to \$16,000 of wages per year (for employees 50 or older, there is a catch-up contribution of \$3,000). The Club contributes a matching contribution of up to 3% of participating employee wages. Matching contributions were \$23,445 and \$20,728 for 2024 and 2023.