



**BOYS AND GIRLS CLUBS
OF GREATER MILWAUKEE, INC.**

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

For the Years Ended December 31, 2024 and 2023



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BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Boys and Girls Clubs of Greater Milwaukee, Inc.
Milwaukee, Wisconsin

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Boys and Girls Clubs of Greater Milwaukee, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Boys and Girls Clubs of Greater Milwaukee, Inc. (Organization) as of December 31, 2024 and 2023, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the 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 financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards and *Government Auditing Standards* 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 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.

Other Matters

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 and state 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 *State of Wisconsin Single Audit Guidelines*, and additional supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is 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 July 8, 2025, on our consideration of the Organization'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 Organization'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 considering the Organization's internal control over financial reporting and compliance.

Sikich CPA LLC

Brookfield, Wisconsin
July 8, 2025

FINANCIAL STATEMENTS

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.**STATEMENTS OF FINANCIAL POSITION**

As of December 31, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,407,296	\$ 1,997,194
Investments	4,110,858	-
Accounts receivable	287,797	195,113
Grants receivable	4,599,191	6,506,493
Cash and cash equivalents - board designated	-	7,945,846
Promises to give	4,834,096	4,215,525
Prepaid expenses	5,168	137,530
Total current assets	<u>20,244,406</u>	<u>20,997,701</u>
OTHER ASSETS		
Promises to give, long-term, net	2,589,048	3,091,860
Cash surrender value	540,367	515,035
Investments	48,747,641	45,163,801
Property and equipment, net	5,870,760	6,018,117
Total other assets	<u>57,747,816</u>	<u>54,788,813</u>
TOTAL ASSETS	<u><u>\$ 77,992,222</u></u>	<u><u>\$ 75,786,514</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 943,007	\$ 639,416
Accrued expenses	1,067,234	1,059,159
Refundable grant advance	-	50,000
Total current liabilities	<u>2,010,241</u>	<u>1,748,575</u>
NET ASSETS		
Without donor restrictions	37,653,042	40,351,674
With donor restrictions	38,328,939	33,686,265
Total net assets	<u>75,981,981</u>	<u>74,037,939</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 77,992,222</u></u>	<u><u>\$ 75,786,514</u></u>

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT			
Contributions	\$ 1,432,530	\$ 8,488,460	\$ 9,920,990
Federal, state, and other government awards	15,931,244	-	15,931,244
Other grants	35,870	-	35,870
Special events, less direct benefit to donor costs of \$55,407	1,232,448	-	1,232,448
In-kind contributions	1,122,907	-	1,122,907
Total support	19,754,999	8,488,460	28,243,459
OTHER OPERATING REVENUE			
Facility rental	502,548	-	502,548
Service charges, camp fees and membership	1,061,720	-	1,061,720
Total revenue	1,564,268	-	1,564,268
Net assets released from restrictions	4,656,358	(4,656,358)	-
Total support and revenue	25,975,625	3,832,102	29,807,727
EXPENSES			
Program services:			
Legacy clubs	5,218,568	-	5,218,568
Camp Whitcomb/Mason	2,519,196	-	2,519,196
School clubs	5,980,332	-	5,980,332
Special programs/other	10,310,212	-	10,310,212
Total program services	24,028,308	-	24,028,308
Supporting services:			
Management and general	6,659,330	-	6,659,330
Resource development	1,423,953	-	1,423,953
Total supporting services	8,083,283	-	8,083,283
Total expenses	32,111,591	-	32,111,591
NONOPERATING GAINS AND LOSSES			
Investment return, net	3,412,002	810,572	4,222,574
Net realized and change in unrealized gains on cash surrender value	25,332	-	25,332
Total nonoperating gains and losses	3,437,334	810,572	4,247,906
CHANGE IN NET ASSETS	(2,698,632)	4,642,674	1,944,042
NET ASSETS - BEGINNING OF YEAR	40,351,674	33,686,265	74,037,939
NET ASSETS - END OF YEAR	\$ 37,653,042	\$ 38,328,939	\$ 75,981,981

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.

STATEMENT OF ACTIVITIES (Continued)

For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT			
Contributions	\$ 897,982	\$ 8,945,317	\$ 9,843,299
Federal, state, and other government awards	16,283,524	-	16,283,524
Other grants	45,235	-	45,235
Special events, less direct benefit to donor costs of \$93,871	1,238,170	-	1,238,170
In-kind contributions	1,025,423	-	1,025,423
Total support	19,490,334	8,945,317	28,435,651
OTHER OPERATING REVENUE			
Facility rental	576,532	-	576,532
Service charges, camp fees and membership	1,030,997	-	1,030,997
Total revenue	1,607,529	-	1,607,529
Net assets released from restrictions	8,298,586	(8,298,586)	-
Total support and revenue	29,396,449	646,731	30,043,180
EXPENSES			
Program services:			
Legacy clubs	5,377,257	-	5,377,257
Camp Whitcomb/Mason	2,344,129	-	2,344,129
School clubs	6,511,555	-	6,511,555
Special programs/other	12,764,786	-	12,764,786
Total program services	26,997,727	-	26,997,727
Support services:			
Management and general	7,634,039	-	7,634,039
Resource development	1,567,766	-	1,567,766
Total support services	9,201,805	-	9,201,805
Total expenses	36,199,532	-	36,199,532
NONOPERATING GAINS AND LOSSES			
Investment return, net	4,763,171	2,107,152	6,870,323
Net realized and change in unrealized gains on cash surrender value	23,318	-	23,318
Total nonoperating gains and losses	4,786,489	2,107,152	6,893,641
CHANGE IN NET ASSETS	(2,016,594)	2,753,883	737,289
NET ASSETS - BEGINNING OF YEAR	42,368,268	30,932,382	73,300,650
NET ASSETS - END OF YEAR	\$ 40,351,674	\$ 33,686,265	\$ 74,037,939

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,944,042	\$ 737,289
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	688,107	662,655
Bad debt expense	-	1,134,592
Change in cash surrender value	(25,332)	(23,318)
Unrealized and realized gain on investments	(2,548,938)	(6,063,472)
Loss on disposal of property and equipment	45,266	-
Decrease (increase) in:		
Accounts receivable	(92,684)	21,527
Grants receivable	1,907,302	(1,279,014)
Promises to give	(115,759)	(263,260)
Prepaid expenses	132,362	205,994
Increase (decrease) in:		
Accounts payable	303,591	(25,203)
Accrued expenses	8,075	251,131
Refundable grant advance	(50,000)	50,000
Net cash from operating activities	<u>2,196,032</u>	<u>(4,591,079)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	43,636,183	30,786,693
Purchase of investments	(48,781,943)	(37,209,347)
Purchase of property and equipment	(586,016)	(479,902)
Net cash from investing activities	<u>(5,731,776)</u>	<u>(6,902,556)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(3,535,744)</u>	<u>(11,493,635)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>9,943,040</u>	<u>21,436,675</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 6,407,296</u>	<u>\$ 9,943,040</u>
Cash and cash equivalents	\$ 6,407,296	\$ 1,997,194
Cash and cash equivalents - board designated	-	7,945,846
TOTAL	<u>\$ 6,407,296</u>	<u>\$ 9,943,040</u>

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2024

	Program Services						Supporting Services			
	Legacy Clubs	Camp Whitcomb/Mason	School Clubs	Special Programs/Other	Total Program Services	Management & General	Resource Development	Direct Benefit to Donors	Total	
									Supporting Services	Supporting Services
Salaries and wages	\$ 2,032,938	\$ 918,677	\$ 4,602,898	\$ 5,644,695	\$ 13,199,208	\$ 2,913,793	\$ 620,289	\$ -	\$ 3,534,082	\$ 16,733,290
Employee benefits	294,154	163,049	468,914	803,376	1,729,493	472,396	84,861	-	557,257	2,286,750
Payroll taxes	171,829	95,473	389,998	476,579	1,133,879	316,372	57,013	-	373,385	1,507,264
Professional fees and contracted services	263,614	153,821	164,744	886,458	1,468,637	1,081,268	200,623	-	1,281,891	2,750,528
Supplies	88,692	50,552	107,937	342,983	590,164	14,457	4,307	-	18,764	608,928
Equipment	7,942	358	3,729	40,734	52,763	179	-	-	179	52,942
Software	60,614	11,401	1,054	105,853	178,922	241,000	41,575	-	282,575	461,497
Meals	118,446	389,053	118,310	885,892	1,511,701	18,846	438	-	19,284	1,530,985
Telephone	60,022	11,379	8,863	34,544	114,808	13,589	206	-	13,795	128,603
Postage	1,127	1,051	20	884	3,082	1,981	4,660	-	6,641	9,723
Utility and occupancy	1,865,853	296,052	2,480	140,960	2,305,345	734,518	-	-	734,518	3,039,863
Printing and subscriptions	4,883	4,330	549	35,167	44,929	38,858	9,010	-	47,868	92,797
Advertising	-	1,865	-	17,825	19,690	11,486	375,852	-	387,338	407,028
Bank fees	20	14,166	25	5	14,216	13,216	8,661	-	21,877	36,093
Transportation	54,083	18,263	97,888	72,741	242,975	96	-	-	96	243,071
Conferences, conventions and meetings	19,082	16,085	2,006	142,098	179,271	15,491	2,945	-	18,436	197,707
Scholarships and client assistance	64	-	100	559,368	559,532	1,000	902	-	1,902	561,434
Dues and memberships	14,425	7,629	-	95,622	117,676	20,011	11,016	-	31,027	148,703
Insurance	160,328	134,878	8,488	5,938	309,632	220,300	-	-	220,300	529,932
Miscellaneous	452	9,827	1,224	18,490	29,993	64,758	1,595	-	66,353	96,346
Depreciation and amortization	-	221,287	1,105	-	222,392	465,715	-	-	465,715	688,107
Total functional expenses	5,218,568	2,519,196	5,980,332	10,310,212	24,028,308	6,659,330	1,423,953	-	8,083,283	32,111,591
Cost of direct benefit to donors meals and entertainment	-	-	-	-	-	-	-	55,407	55,407	55,407
TOTAL EXPENSES	\$ 5,218,568	\$ 2,519,196	\$ 5,980,332	\$ 10,310,212	\$ 24,028,308	\$ 6,659,330	\$ 1,423,953	\$ 55,407	\$ 8,138,690	\$ 32,166,998

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.

STATEMENT OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended December 31, 2023

	Program Services						Supporting Services			
	Legacy Clubs	Camp Whitcomb/Mason	School Clubs	Special Programs/Other	Total Program Services	Management & General	Resource Development	Direct Benefit to Donors	Supporting Services	Total
Salaries and wages	\$ 2,354,674	\$ 857,537	\$ 4,971,639	\$ 6,779,387	\$ 14,963,237	\$ 2,561,688	\$ 895,873	\$ -	\$ 3,457,561	\$ 18,420,798
Employee benefits	314,065	167,548	508,265	963,861	1,953,739	579,601	80,210	-	659,811	2,613,550
Payroll taxes	221,878	94,556	470,479	634,070	1,420,983	98,073	75,077	-	173,150	1,594,133
Professional fees and contracted services	158,172	86,567	226,104	1,234,879	1,705,722	1,213,222	109,820	-	1,323,042	3,028,764
Supplies	79,184	75,580	91,586	498,340	744,690	38,086	49,931	-	88,017	832,707
Equipment	12,973	1,141	356	27,750	42,220	416	-	-	416	42,636
Software	53,480	13,609	7,732	195,247	270,068	353,410	45,950	-	399,360	669,428
Meals	138,896	263,767	135,758	1,035,510	1,573,931	39,208	7,576	-	46,784	1,620,715
Telephone	103,733	13,593	12,453	10,484	140,263	163,685	135	-	163,820	304,083
Postage	1,216	2,452	-	1,304	4,972	3,602	2,904	-	6,506	11,478
Utility and occupancy	1,690,302	560,999	3,054	176,317	2,430,672	319,850	512	-	320,362	2,751,034
Printing and subscriptions	16,435	3,237	256	72,548	92,476	9,618	15,650	-	25,268	117,744
Advertising	1,413	2,996	995	8,876	14,280	42,351	241,465	-	283,816	298,096
Bank fees	851	8,145	-	-	8,996	29,071	5,014	-	34,085	43,081
Transportation	34,460	43,599	58,019	94,615	230,693	452	9	-	461	231,154
Conferences, conventions and meetings	12,726	16,823	13,409	135,893	178,851	48,453	15,041	-	63,494	242,345
Scholarships and client assistance	-	-	-	809,590	809,590	1,054	16,346	-	17,400	826,990
Dues and memberships	11,807	6,713	-	38,690	57,210	72,952	4,059	-	77,011	134,221
Insurance	130,156	109,641	8,731	5,524	254,052	29,433	-	-	29,433	283,485
Miscellaneous	40,836	15,626	2,719	41,901	101,082	232,567	2,194	-	234,761	335,843
Bad debt expense	-	-	-	-	-	1,134,592	-	-	1,134,592	1,134,592
Depreciation and amortization	-	-	-	-	-	662,655	-	-	662,655	662,655
Total functional expenses	5,377,257	2,344,129	6,511,555	12,764,786	26,997,727	7,634,039	1,567,766	-	9,201,805	36,199,532
Cost of direct benefit to donors meals and entertainment	-	-	-	-	-	-	-	93,871	93,871	93,871
TOTAL EXPENSES	\$ 5,377,257	\$ 2,344,129	\$ 6,511,555	\$ 12,764,786	\$ 26,997,727	\$ 7,634,039	\$ 1,567,766	\$ 93,871	\$ 9,295,676	\$ 36,293,403

See accompanying notes to financial statements.

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS

Nature of Activities

Boys & Girls Clubs of Greater Milwaukee (“Organization”), one of the largest and longest youth-serving agencies in Milwaukee, offers structured after-school and summer programming to nearly 6,830 (unaudited) children and teens each day. Within the safety of 50 locations and a camp, youth have access to free meals, academic support, role models, and opportunities to build character and explore new interests. The Organization achieves these goals through the financial support of public and private donations.

The Organization locations provide programming across 5 core areas:

Legacy Clubs – Serve children ages 4-18 providing meals, sports, fun, academic support, enrichment and safety. These standalone clubs are designed to serve as community resources and hubs. The capacity to serve is slightly larger than that of Community Learning Center (CLC) sites.

Camp – With over 300 acres of land, Camp Whitcomb Mason primarily services children during the summer months, offering both indoor and outdoor activities. Activities include, but are not limited to, swimming, archery, fishing, ropes course, boating, and more. Camp serves students from boys and girls of the footprint as well as the surrounding communities. Camp offers both overnight and day camp activities.

School Centers – Community Learning Centers in local schools throughout the City of Milwaukee. This is genuinely our after-school space. With over 40 sites, students in grades 1-12 can experience a club-like atmosphere right from the comfort of their schools. Activities include meals, homework help (Power Hour), all BGC core area programming, and more.

Special Programs – Graduation Plus, MarVan Scholars, Career Development, Hearth Initiative, and Spark are all unique, specialized, member-specific programs. Each area is offered to all club members, but follows a specific curriculum and program flow of activities. These activities are held for members aged 4-18 and 18-24 (Career Development and Grad Plus) on a case management basis. The agency scholarship administration is through this area.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

Method of Accounting

Assets, liabilities, revenues and expenses are recognized on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

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

Basis of Presentation

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

Net Assets Without Donor Restrictions:

Undesignated: Net assets that are not subject to donor-imposed stipulations.

Board designated: Net assets subject to stipulations imposed by the Board and determined to be unavailable for general use.

Net Assets With Donor Restrictions:

Net assets with donor restrictions are net assets subject to donor-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 those resources 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

Cash and Cash Equivalents

The Organization considers all short-term investments in interest-bearing bank accounts and other instruments having an original maturity of three months or less, excluding amounts held as investments in the Organization's investment portfolio, to be equivalent to cash.

The Organization maintains its cash and cash equivalents at one financial institution which, at times, may exceed federally insured limits. At December 31, 2024 and 2023, the bank balances of the deposits exceeded FDIC limits by approximately \$6,500,000 and \$10,100,000, respectively. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash.

Grants Receivable

Grants receivable are amounts due under cost reimbursable contracts or fee for service contracts with primarily state and federal government agencies and are carried at the amount management expects to collect from outstanding balances. Invoicing and payment terms are provided in the contracts. Payments of grants receivable are allocated to the specific invoices identified on the remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

Grants receivable are reviewed periodically by management to determine the adequacy of the allowance for doubtful accounts. After all attempts to collect the receivable have failed, the receivable is written off against the allowance. Based upon management's evaluation, the Organization does not believe an allowance for doubtful accounts is necessary as of December 31, 2024 and 2023, respectively. However, actual write-offs may occur.

Promises to Give

Promises to give are unconditional promises and are carried at the net present value of original pledged amounts less an estimate made for uncollectible pledges based on a review of all outstanding amounts on a periodic basis. The present value discounts on those amounts are computed using risk adjusted rates applicable to the years in which the promises were received. Management determines the allowance for uncollectible promises to give by regularly evaluating individual promises and considering a donor's financial condition and current economic conditions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

Accounts Receivable

Receivables are stated at the amount management expects to collect from outstanding balances. Balances not collected within the established terms are considered past due. Finance charges are not accrued on past due balances.

Allowance for Credit Losses on Accounts Receivables

The Organization recognizes an allowance for expected credit losses at each statement of financial position date. The allowance is an estimate based on the analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and its reasonable and supportable expectation of future conditions. Receivables with similar risk characteristics are pooled for estimation of expected credit losses. Trade receivables are evaluated individually when they do not share similar risk characteristics which could exist in circumstances where amounts are considered at risk or uncollectible. At each reporting date, the Organization updates its estimate of expected credit losses to reflect any changes in credit risk since the receivable was initially recorded.

After all attempts to collect have failed, the receivable is written off against the allowance. If recoveries are made from accounts previously written off, they will be recognized as an offset to credit loss expense in the year of recovery. There were no write-offs in 2024 and 2023. As of December 31, 2024 and 2023, the Organization determined that an allowance for credit losses was not necessary. However, actual write-offs may occur.

Investments and Investment Income

Investments are measured at fair value in the statements of financial position.

Investment income (including realized, unrealized gains and losses, interest, and dividends) is reported as revenue without donor restrictions unless the income is restricted by the donor. Realized gains or losses are determined by specific identification.

Direct internal and external investment fees are netted against investment return on the statements of activities.

Property and Equipment

Property and equipment are recorded at cost or fair value if contributed. All property and equipment expenditures greater than \$5,000 for the Organization are capitalized. Depreciation is computed on a straight-line basis over the estimated useful lives.

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

Property and Equipment (Continued)

Estimated lives and balances of property and equipment consisted of the following as of December 31:

	<u>Years</u>	<u>2024</u>	<u>2023</u>
Land		\$ 877,780	\$ 877,780
Land improvements	5-20	2,233,470	2,236,677
Buildings	5-50	10,526,759	10,394,621
Building improvements	5-15	3,214,849	3,214,849
Furniture and fixtures	3-20	3,319,390	3,433,605
Equipment	5	699,979	113,965
Vehicles	6-8	280,305	303,055
Work in process		-	375,276
		<u>21,152,532</u>	<u>20,949,828</u>
Total property and equipment		21,152,532	20,949,828
Less: Accumulated depreciation		<u>(15,281,772)</u>	<u>(14,931,711)</u>
PROPERTY AND EQUIPMENT, NET		<u>\$ 5,870,760</u>	<u>\$ 6,018,117</u>

Leases

The Organization has elected to apply the short-term lease exemption to the vehicle and equipment leases. In 2024 and 2023, there are only a small number of leases within this class of underlying assets that qualify for the exemption. The short-term lease cost recognized and disclosed for those leases in 2024 and 2023 was approximately \$88,300 and \$72,600, respectively. The remaining lease payments due in the year ending December 31, 2025 are approximately \$17,000.

Revenue Recognition

Contributions

Unconditional promises to give of cash and other assets to the Organization are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is deemed unconditional. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the time or use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

Revenue Recognition (Continued)

In-Kind Contributions

During 2024 and 2023, the Organization received the following amounts of in-kind contributions:

	<u>2024</u>	<u>2023</u>
Donated services	\$ 427,110	\$ 48,476
Donated goods	85,456	51,616
Donated rent	610,341	925,331
TOTAL IN-KIND CONTRIBUTIONS	<u>\$ 1,122,907</u>	<u>\$ 1,025,423</u>

Donated services are recognized as revenue if the services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recognized as revenues and expenses and are not reported in the accompanying financial statements. The donated services were utilized in the Organization's management and general function and are shown as professional fees and contracted services on the statements of functional expense.

The Organization receives contributions of donated goods and property without donor restrictions. The donated goods consist of donated food, gift cards and other materials and are valued at the wholesale prices that would be received for selling similar products. The donated goods were used in the Organization's program services.

Donated rent includes rental fees in relation to space required to be used for the Organization's CLC activities and is received without donor restrictions. Donated rent is recorded in the financial statements as revenue and expenses at their fair value during the period the space is occupied. Fair value was provided by the lessor and based on the rent charged for similar space within the area. Donated facilities are recorded within in-kind contributions on the statements of activities and used by the Legacy Clubs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

Revenue Recognition (Continued)

Grant Revenue

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as a refundable grant advance in the statements of financial position, there were no amounts received in advance from cost-reimbursable grants for the years ended December 31, 2024 and 2023. The Organization had approximately \$6,864,000 and \$8,716,000 of cost reimbursable grants that were not recognized as of December 31, 2024 and 2023, respectively, because qualifying expenditures had not yet been incurred.

In addition, the Organization receives funding from non-cost reimbursement-based grants that have conditions that must be met with a measurable performance or other barrier and right of return. These grants are not recognized until the conditions on which they depend have been met. As of December 31, 2023, the Organization received \$50,000 of grant payments with a right of return. There were no advance payments on grants with a right of return as of December 31, 2024.

Facilities Rent

The Organization recognizes revenue from facility rentals on a straight-line basis over the rental period. Rental fees that are collected in advance of the rental period are included in unearned revenue on the statements of financial position. Rentals for 2024 and 2023 include fees for the use of cabin or rental space with rates ranging from approximately \$800-\$4,000 per night. There are also minimal daily fees for use of office space. No security or damage deposits are required up front. There were no unearned revenues related to facilities rent as of December 31, 2024 and 2023.

Revenue from Contracts with Customers

Special Event Revenue

Special event revenue is made up of sponsorships and ticket sales. The portion that relates to the commensurate value the sponsor and attendee received in return is recognized when the related events are held, and performance obligations are met. The excess amount over commensurate value is considered a conditional contribution and is recognized at the point in time when the related events are held.

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

Revenue from Contracts with Customers (Continued)

Membership Fees

Membership dues, which are nonrefundable, are comprised of an exchange element based on the value of benefits provided, and a contribution element from the difference between the total dues paid and the exchange element. Members generally pay a \$5 due in advance. The Organization has determined that the fair value of the membership benefits exceed the cost of membership. Revenue from the membership period, which varies based on anniversary date, are recognized utilizing the time lapsed method over the membership period as benefits are being provided. Membership fees for 2024 and 2023 range from \$1 to \$335 per week. The performance obligations consist of access to the various building and amenities in the Organization's centers throughout the Milwaukee area.

Membership dues paid in advance are deferred to the membership period to which they relate and are included in the statements of financial position as deferred revenue. There were no membership dues paid in advance as of December 31, 2024 and 2023.

Camp Fees

The Organization holds camps throughout the year. The revenue from the camps are comprised of an exchange element based on the value of benefits provided. Camp revenue is recognized over time using the time elapsed method as the services are provided over a day of attendance. Generally, camp event program fees are due at the time of registration and payment is due within 30 days. Any amounts paid in advance of the event or camp activity is classified as deferred revenue until the event occurs.

Contract Assets and Liabilities

The timing of revenue recognition, billings and cash collections results in billed accounts receivable and deferred revenue (contract liabilities) on the statements of financial position. Contract liabilities are released as the performance obligations are met.

Contract assets and liabilities were as follows as of December 31:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Accounts receivable	\$ 287,797	\$ 195,113	\$ 216,640
Deferred revenue	-	-	-

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

Revenue from Contracts with Customers (Continued)

Significant Judgments

There are no significant judgments involved in the recognition of revenue due to the passage of time. Various economic factors could affect the recognition of revenues and cash flows, including the demand for services, ability to provide services, availability of labor, and prompt payment from funding agencies.

Retirement Plan

The Organization has a 401K plan that covers substantially all full-time employees. The Organization contributes 3% of the participants salary based on participation level which is vested immediately. In addition, the Organization matches up to 4% of the participant's salary based on participation level. Total contributions to the retirement plan during 2024 and 2023 were approximately \$567,500 and \$596,000, respectively.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Costs are charged on a direct functional basis whenever practical. When direct charges cannot be determined, the costs are allocated on the basis of the estimated proportional use of the service provided or resource consumed. Payroll and related expenses are allocated to the programs based on estimated time spent in each program. Expenses specifically identifiable with a program are charged to that program. Indirect administration expenses, such as supplies, telephone, postage, insurance, printing and subscriptions, and dues and memberships, are charged to the programs according to a cost allocation plan based on a percentage of total expenses. Utilities and occupancy and depreciation and amortization are allocated based on square footage.

Advertising

Advertising costs are expensed in the period incurred. Total advertising expense was \$407,028 and \$298,096 in 2024 and 2023, respectively.

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)

Income Tax Status

The Organization is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Code as other than a private foundation. The Organization files various federal or state non-profit tax returns. The Organization is no longer subject to U.S. federal or state examinations by tax authorities for years prior to 2021.

2. LIQUIDITY AND AVAILABILITY

The Organization receives significant contributions and pledges receivable restricted by donors and considers contributions restricted for programs which are ongoing, major and central to the Organization’s annual operations to be available to meet cash needs for general expenditures. The Organization 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. The Organization has a liquidity practice to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses. The Organization has a practice to target a year-end balance that serves net assets without donor restrictions to meet 15-30 days of expected expenditures. To achieve these targets, the Organization forecasts its future cash flows, monitors its liquidity quarterly, and monitors its reserves annually.

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

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 6,407,296	\$ 1,997,194
Investments	4,110,858	-
Accounts receivable	287,797	195,113
Grants receivable	4,599,191	6,506,493
Cash and cash equivalents board designated	-	7,945,846
Promises to give, net	7,423,144	7,307,385
Cash surrender value	540,367	515,035
Investments	48,747,641	45,163,801
Total financial assets and liquid resources	<u>72,116,294</u>	<u>69,630,867</u>

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

2. LIQUIDITY AND AVAILABILITY (Continued)

	<u>2024</u>	<u>2023</u>
Less those unavailable for general expenditures:		
Board designated net assets	\$ (37,653,042)	\$ (38,871,925)
Net assets with donor restrictions	(38,328,939)	(33,686,265)
Add back:		
Board appropriated for subsequent year	3,800,000	3,253,101
Board designated distribution	1,500,000	1,500,000
Total restricted financial assets	<u>(70,681,981)</u>	<u>(67,805,089)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 1,434,313</u>	<u>\$ 1,825,778</u>

While the Organization does not intend to spend from the board designated funds, these amounts could be made available, if necessary, by obtaining a super-majority vote as discussed in Note 8.

3. PROMISES TO GIVE

Net promises to give consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Due in one year	\$ 4,834,096	\$ 4,215,525
Due in one to five years	2,983,520	3,587,817
Total	7,817,616	7,803,342
Less: Allowance for uncollectible	(212,867)	(224,751)
Less: Present value discount	(181,605)	(271,206)
PROMISES TO GIVE, NET	<u>\$ 7,423,144</u>	<u>\$ 7,307,385</u>

Pledges expected to be received after one year are discounted at a rate commensurate with the risk involved, with rates ranging from 2.38% to 6.38%

4. FAIR VALUE MEASUREMENTS

GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. GAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using Net Asset Value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAV's are not included in Level 1, 2 or 3, but are separately reported.

The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the years ended December 31, 2024 and 2023.

Valuation Techniques

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended December 31, 2024 and 2023.

Mutual funds and exchange traded funds: Valued at the NAV of shares on the last trading day of the fiscal year.

Equities and Common stock: Valued at the closing quoted price in an active market.

Interest in assets held by the Greater Milwaukee Foundation: Valued at NAV per unit as reported by the community foundation.

Real estate funds: Valued at NAV as reported by fund managers as a practical expedient for a fair value measurement. These funds do not trade in active markets.

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

4. FAIR VALUE MEASUREMENTS (Continued)

Recurring Measurements

Assets measured at fair value on a recurring basis are as follows as of December 31:

	2024			
	Level 1	Level 2	Level 3	Total
ASSETS				
Mutual funds	\$ 28,319,586	\$ -	\$ -	\$ 28,319,586
Equities	14,613,558	-	-	14,613,558
Exchange traded funds	9,054,367	-	-	9,054,367
Common stock	50,735	-	-	50,735
Interest in assets held by the Greater Milwaukee Foundation	-	157,236	-	157,236
TOTAL ASSETS AT FAIR VALUE	\$ 52,038,246	\$ 157,236	\$ -	52,195,482
Private real estate funds**				663,017
TOTAL INVESTMENTS				\$ 52,858,499
	2023			
	Level 1	Level 2	Level 3	Total
ASSETS				
Mutual funds	\$ 13,828,142	\$ -	\$ -	\$ 13,828,142
Equities	30,177,230	-	-	30,177,230
Exchange traded funds	1,013,150	-	-	1,013,150
Common stock	8,608	-	-	8,608
Interest in assets held by the Greater Milwaukee Foundation	-	136,671	-	136,671
TOTAL ASSETS AT FAIR VALUE	\$ 45,027,130	\$ 136,671	\$ -	\$ 45,163,801

**Reported at NAV

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

4. FAIR VALUE MEASUREMENTS (Continued)

Investments measured at NAV

The following table presents the category, fair value, redemption frequency, and redemption notice period for investments, the fair values of which are estimated using net asset value per share as of December 31, 2024. There were no investments measured at NAV as of December 31, 2023.

	2024			
	Fair Value	Unfunded commitments	Redemption Frequency	Redemption Notice Period
Real estate funds	\$ 663,017	\$ 542,500	N/A	N/A

Real estate funds: This category includes real estate funds that invest domestically and are diversified across sectors. Distributions from each fund will be received as the underlying investments in the funds are liquidated or based on rents. The funds are illiquid and do not allow for redemption.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while 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.

5. LETTER OF CREDIT

In 2019, the Organization entered into a demand line of credit agreement with BMO Harris Bank (BMO) for \$5,000,000 with an interest rate of LIBOR + 0.90%. Covenants are limited to providing financial reporting along with maintaining operating deposit accounts at BMO. There were no borrowings outstanding as of December 31, 2024 and 2023.

6. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consisted of the following items at December 31:

	2024	2023
Board designated endowment	\$ 26,862,367	\$ 24,668,113
Board designated - future operations	10,790,675	14,203,812
Undesignated	-	1,479,749
	<u>\$ 37,653,042</u>	<u>\$ 40,351,674</u>

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following items at December 31:

	<u>2024</u>	<u>2023</u>
Restricted as to time and purpose:		
General operating programs	\$ 12,189,519	\$ 10,953,379
General camp programs	406,981	9,705
Academic/programs	12,296,237	10,215,980
Special initiatives	500,000	-
Other	1,698,587	1,504,508
Time restricted to use in future periods	7,817,616	7,803,342
Charitable remainder annuity trust	25,332	23,318
Total restricted as to time and purpose	<u>34,934,272</u>	<u>30,510,232</u>
Restricted in perpetuity		
Endowment funds	3,203,139	2,984,505
Cash surrender value - life insurance	191,528	191,528
Total restricted in perpetuity	<u>3,394,667</u>	<u>3,176,033</u>
TOTAL	<u>\$ 38,328,939</u>	<u>\$ 33,686,265</u>

8. ENDOWMENTS

The Organization's endowments consist of approximately 30 individual funds established for the sustainability of operation 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.

Interpretation of Relevant Law Governing Endowments

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the Wisconsin state legislature, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of the gifts donated to the permanent endowment, (b) the original value of a donor's 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, if any, at the time the accumulation is added to the fund.

8. ENDOWMENTS (Continued)

Interpretation of Relevant Law Governing Endowments (Continued)

The earnings on the donor-restricted endowment funds is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the various funds, (b) the purposes of the donor-restricted endowment funds, (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 Organizations, and (g) the Organization's investment policies.

The Organization 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.

The Organization has a spending policy which utilizes a 5.50% 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, the Organization 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. In 2023, the Organization updated its endowment distribution policy. There will be no distribution from the endowment until 2028. Depending on the endowment balance, the Organization's endowment committee will decide on the percentage of the distribution with feedback from the Organization's investment advisor.

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

8. ENDOWMENTS (Continued)

Interpretation of Relevant Law Governing Endowments (Continued)

Interest, dividends and net appreciation (depreciation) in fair value of endowment funds on donor restricted endowment funds are classified as net assets with donor restrictions if the earnings are restricted by the donor for a specific purpose. Interest and dividends on donor restricted endowment funds are appropriated for distribution at the discretion of the Board of Trustees. The Board of Trustees does not allow spending from underwater endowment funds.

The 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 corpus	\$ -	\$ 3,203,139	\$ 3,203,139
Accumulated earnings on corpus	-	11,691,460	11,691,460
Board designated	26,862,367	-	26,862,367
TOTAL	\$ 26,862,367	\$ 14,894,599	\$ 41,756,966

The 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 corpus	\$ -	\$ 2,984,505	\$ 2,984,505
Accumulated earnings on corpus	-	10,880,888	10,880,888
Board designated	24,668,113	-	24,668,113
TOTAL	\$ 24,668,113	\$ 13,865,393	\$ 38,533,506

Change in endowments for the year ending December 31, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 24,668,113	\$ 13,865,393	\$ 38,533,506
Contributions	-	218,634	218,634
Investment return, net	2,194,254	810,572	3,004,826
ENDOWMENT NET ASSETS, END OF YEAR	\$ 26,862,367	\$ 14,894,599	\$ 41,756,966

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

8. ENDOWMENTS (Continued)

Interpretation of Relevant Law Governing Endowments (Continued)

Change in endowments for the year ending December 31, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 20,310,533	\$ 12,011,439	\$ 32,321,972
Investment return, net	4,995,392	2,107,152	7,102,544
Transfer	(637,812)	(253,198)	(891,010)
ENDOWMENT NET ASSETS, END OF YEAR	\$ 24,668,113	\$ 13,865,393	\$ 38,533,506

From time to time, certain donor-restricted endowment funds may have less than the amount required to be maintained by donor or by law (underwater endowments). At December 31, 2024 and 2023, no such underwater endowments existed.

9. COLLABORATIVE ARRANGEMENTS

The Organization has collaborative agreements in which it has non-exclusive access to facilities from the City of Milwaukee and Milwaukee Public Schools. Under the agreements, the Organization has non-exclusive use of certain spaces which expire through June 30, 2024. All related building improvements paid for by the Organization are depreciated over the lesser of the useful life of the asset or the term of the collaborative agreements. The Organization is required to maintain adequate insurance coverage on the properties.

10. CONCENTRATIONS

The Organization receives a significant amount of its revenue from federal, state and local governments for services provided. Should these grants decline in the future, the Organization's program services may be negatively impacted.

11. RELATED-PARTY TRANSACTIONS

Certain members of the Board of Trustees serve in management roles of the corporations that provide services to the Organization, causing these corporations to be related parties. The Organization receives contributions from these corporations and members of the Board of Trustees. During 2024 and 2023 approximately \$906,000 and \$2,761,000, respectively, was received from these related parties. Promises to give outstanding from related parties as of December 31, 2024 and 2023 were approximately \$2,084,000 and \$2,170,000, respectively. The Organization also receives grant money from a pass-through entity in which the Organization's president is on the board of trustees of the pass-through entity. In addition, certain members of the Organization's Board of Trustees are employed by or serve on the board of directors of various organizations or service companies with which the Organization does business. The Organization obtains conflict of interest statements from all trustees which disclose such relationships. All such relationships have been reviewed by the Board of Trustees.

12. SUBSEQUENT EVENT

Subsequent events are events or transactions that occur after year end but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at year end, including estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at year end but arose after that date (that is, non-recognized subsequent events).

The Organization has evaluated subsequent events through July 8, 2025, the date on which the financial statements were available to be issued and noted no nonrecognized subsequent events through that date, except as noted below.

Subsequent to year end the Organization received a donation of a building valued at approximately \$1,450,000. The Organization is intending on repurposes the building and utilizing it in the Organization's programs.

SUPPLEMENTARY INFORMATION

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2024

U.S. Department of Agriculture	Grantor/Program Title	Pass-Through	Identifying Number	Expenditures
	Child and Adult Care Food Program	State of Wisconsin Department of Public Instruction	10.558	\$ 717,547
	Child Nutrition Cluster:			
	Summer Food Service Program for Children	State of Wisconsin Department of Public Instruction	10.559	123,327
	Total Child Nutrition Cluster			<u>123,327</u>
	SNAP Cluster			
	State Administrative Matching Grants for the Supplemental Nutrition Assistance	MAXIMUS	10.561	100,078
	Total SNAP Cluster			<u>100,078</u>
	Environmental Quality Incentives Program (EQIP - USDA Camp Grant)	The Natural Resources Conservation Service	10.912	1,232
	Total U.S. Department of Agriculture			<u>942,184</u>
	U.S. Department of Housing and Urban Development			
	Community Development Block Grants Cluster:			
	Davis Community Center	Milwaukee Office of Community Planning & Development	14.218	34,981
	Mary Ryan Community Center	Milwaukee Office of Community Planning & Development	14.218	36,147
	Hillside Community Center	Milwaukee Office of Community Planning & Development	14.218	83,434
	Fitzsimonds Community Center	Milwaukee Office of Community Planning & Development	14.218	26,367
	Daniels Mardak Community Center	Milwaukee Office of Community Planning & Development	14.218	29,981
	Ready Center	Milwaukee Office of Community Planning & Development	14.218	34,644
	Reprogram - Daniels Mardak Community Center	Milwaukee Office of Community Planning & Development	14.218	26,848
	Reprogram - Davis Community Center	Milwaukee Office of Community Planning & Development	14.218	12,681
	Reprogram - Fitzsimonds Community Center	Milwaukee Office of Community Planning & Development	14.218	5,538
	Reprogram - Mary Ryan Community Center	Milwaukee Office of Community Planning & Development	14.218	71,777
	Reprogram - Hillside Community Center	Milwaukee Office of Community Planning & Development	14.218	18,727
	Total Community Development Block Grants Cluster			<u>381,125</u>
	Total U.S. Department of Housing and Urban Development			<u>381,125</u>
	U.S. Department of Interior			
	Human Recruitment and Development	Sport Fish Restoration Act of Wildlife Restoration Act	15.611	7,412
	Total Fish and Wildlife Cluster			<u>7,412</u>
	Total U.S. Department of Interior			<u>7,412</u>

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended December 31, 2024

Grantor/Program Title	Pass-Through	Identifying Number	Expenditures
U.S. Bureau of Justice Administration			
Juvenile Mentoring Program:			
Mary Ryan Community Center		16.726	\$ 57,573
Davis Community Center		16.726	41,576
Fitzsimonds Community Center		16.726	39,250
Daniels Mardak Community Center		16.726	26,258
Greenfield		16.726	4,805
Lafollette		16.726	21,183
Maple Tree		16.726	17,850
Hillside		16.726	34,154
Pilgrim		16.726	21,557
St. Martini		16.726	7,003
Townsend		16.726	13,654
Mitchell		16.726	23,965
Total Juvenile Mentoring Program			<u>308,828</u>
Total U.S. Bureau of Justice Administration			<u>308,828</u>
U.S. Department of Labor			
Workforce Pathways for Youth Grant		17.261	112,470
Total U.S. Department of Labor			<u>112,470</u>
U.S. Department of Treasury			
Community Project Funding (CPF) - Sherman Park		21.027	183,840
Workforce Innovation Grant (WIG) - Covid 19		21.027	806,755
Total U.S. Department of Treasury			<u>990,595</u>

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended December 31, 2024

<i>U.S. Department of Education</i>	Grantor/Program Title	Pass-Through	Identifying Number	Expenditures
	Milwaukee County Schools Partnership	Direct Program	84,010	\$ 112,104
	Innovative Approaches to Literacy (IAL):			
	Milwaukee Academy of Science	Boys and Girls Club of America	84,215G	197,196
	Sherman	Boys and Girls Club of America	84,215G	40,345
	81st Street	Boys and Girls Club of America	84,215G	169,331
	Pilgrim	Boys and Girls Club of America	84,215G	11,223
	Lincoln	Boys and Girls Club of America	84,215G	48,245
	Total Innovative Approaches to Literacy			466,340
	Twenty-First Century Community Learning Center:			
	Milwaukee Academy of Science Community Learning Center	Wisconsin Department of Public Instruction	84,287*	70,637
	Northwest Catholic Community Learning Center	Wisconsin Department of Public Instruction	84,287*	169,472
	Prince of Peace Community Learning Center	Wisconsin Department of Public Instruction	84,287*	65,168
	St. Joseph Academy Community Learning Center	Wisconsin Department of Public Instruction	84,287*	59,234
	Notre Dame Academy Community Learning Center	Wisconsin Department of Public Instruction	84,287*	114,794
	Pilgrim Community Learning Center	Wisconsin Department of Public Instruction	84,287*	95,931
	Messmer St. Rose Community Learning Center	Wisconsin Department of Public Instruction	84,287*	131,928
	St. Rafael Community Learning Center	Wisconsin Department of Public Instruction	84,287*	60,331
	St. Anthony Community Learning Center	Wisconsin Department of Public Instruction	84,287*	129,166
	St. Martini Community Learning Center	Wisconsin Department of Public Instruction	84,287*	43,068
	St. Roman Community Learning Center	Wisconsin Department of Public Instruction	84,287*	89,024
	St. Augustine Community Learning Center	Wisconsin Department of Public Instruction	84,287*	178,090
	Dr. Howard Fuller Community Learning Center	Wisconsin Department of Public Instruction	84,287*	45,260
	Granville Lutheran Community Learning Center	Wisconsin Department of Public Instruction	84,287*	30,282
	53rd Street Community Learning Center	Milwaukee Public Schools	84,287*	166,920
	81st Street Community Learning Center	Milwaukee Public Schools	84,287*	157,436
	Allenfield Community Learning Center	Milwaukee Public Schools	84,287*	152,725
	Audobon Community Learning Center	Milwaukee Public Schools	84,287*	147,026
	Bay View Community Learning Center	Milwaukee Public Schools	84,287*	117,658
	Bethune Community Learning Center	Milwaukee Public Schools	84,287*	89,302

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended December 31, 2024

<i>U.S. Department of Education (Continued)</i>	Grantor/Program Title	Pass-Through	Identifying Number	Expenditures
	Bradley Tech Community Learning Center	Milwaukee Public Schools	84.287*	\$ 129,284
	Carson Community Learning Center	Milwaukee Public Schools	84.287*	179,359
	Carver Community Learning Center	Milwaukee Public Schools	84.287*	116,567
	Cass Community Learning Center	Milwaukee Public Schools	84.287*	133,507
	Clarke Community Learning Center	Milwaukee Public Schools	84.287*	185,901
	Engelburg Community Learning Center	Milwaukee Public Schools	84.287*	150,790
	Fratney Community Learning Center	Milwaukee Public Schools	84.287*	86,269
	Gaenslen Community Learning Center	Milwaukee Public Schools	84.287*	176,314
	Grantosa Community Learning Center	Milwaukee Public Schools	84.287*	28,571
	Greenfield Community Learning Center	Milwaukee Public Schools	84.287*	193,700
	Hayes Community Learning Center	Milwaukee Public Schools	84.287*	143,896
	Kagei Community Learning Center	Milwaukee Public Schools	84.287*	125,240
	Kluge Community Learning Center	Milwaukee Public Schools	84.287*	143,692
	LaFollette Community Learning Center	Milwaukee Public Schools	84.287*	124,071
	Lincoln Community Learning Center	Milwaukee Public Schools	84.287*	107,843
	Maple Tree Community Learning Center	Milwaukee Public Schools	84.287*	162,395
	Marvin Pratt Community Learning Center	Milwaukee Public Schools	84.287*	165,776
	Metcalfe Community Learning Center	Milwaukee Public Schools	84.287*	178,496
	Mitchell Community Learning Center	Milwaukee Public Schools	84.287*	149,018
	North Division Community Learning Center	Milwaukee Public Schools	84.287*	114,962
	Obama Community Learning Center	Milwaukee Public Schools	84.287*	148,790
	Riverwest Community Learning Center	Milwaukee Public Schools	84.287*	10,477
	Sherman Community Learning Center	Milwaukee Public Schools	84.287*	84,399
	Siefert Community Learning Center	Milwaukee Public Schools	84.287*	99,452
	Townsend Community Learning Center	Milwaukee Public Schools	84.287*	78,106
	Washington Community Learning Center	Milwaukee Public Schools	84.287*	96,467
	Zablocki Community Learning Center	Milwaukee Public Schools	84.287*	125,495
	Vieau Community Learning Center	Milwaukee Public Schools	84.287*	95,683
	Total Twenty-First Century Community Learning Center			<u>5,647,972</u>
	American Rescue Plan Act (ARPA) - Covid 19	Wisconsin Department of Public Instruction	84.425U	<u>278,391</u>
	Total U.S. Department of Education			<u>6,504,807</u>

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended December 31, 2024

Grantor/Program Title	Pass-Through	Identifying Number	Expenditures
U.S. Department of Health and Human Services			
Brighter Future Initiative	Wisconsin Department of Children and Families	93.558*	\$ 248,527
Wisconsin After Three Program	Boys and Girls Clubs Fox Valley	93.558*	749,893
Be Great: Graduate Program	Wisconsin Department of Children and Families	93.558*	291,795
			<u>1,290,215</u>
Teen Pregnancy Prevention Program	Office of Adolescent Health	93.297	1,170,571
			<u>2,460,786</u>
Total U.S. Department of Health and Human Services			
Corporation for National and Community Service			
AmeriCorps Match Replacement - American Rescue Plan Act (ARPA)	Wisconsin National & Community Service Board	94.006	238,287
AmeriCorps ClubCorps	Wisconsin National & Community Service Board	94.006	252,784
			<u>491,071</u>
Total Corporation for National and Community Service			
Other Programs			
MPS Camp	Milwaukee Public Schools	N/A	128,130
MPS Saturday Programming	Milwaukee Public Schools	N/A	38,324
MPS School Year Camp Grant	Milwaukee Public Schools	N/A	38,652
MYESP	DWD Gov. Evers 2021 Summer Youth	N/A	29,631
MPS Arts	Milwaukee Public Schools	N/A	17,660
			<u>252,397</u>
			<u>12,451,675</u>
Other Awards			
Wisconsin Shares	Wisconsin Department of Children and Families	N/A	2,709,816
Program A	Wisconsin Department of Children and Families	N/A	349,831
Program B	Wisconsin Department of Children and Families	N/A	231,098
Opioid Abuse Prevention Program	Boys and Girls Clubs Fox Valley	N/A	133,194
			<u>3,423,939</u>
			<u>\$ 15,875,614</u>

* Denotes major programs

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2024

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state grant activity of Boys and Girls Clubs of Greater Milwaukee, Inc. under programs of the federal and state government for the year ended December 31, 2024. The information in this schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines*.

Note B - Basis of Accounting

The accompanying schedule of expenditures of federal and state awards is presented using the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded as liabilities when incurred. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. Pass through entity numbers are presented where available.

Note C - Non-Cash Assistance, Loans, and Insurance

Boys and Girls Clubs of Greater Milwaukee, Inc. did not receive any federal non-cash assistance, federal loans or federal insurance for the year ended December 31, 2024.

Note D - Commodities

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed under the Child and Adult Care Food Program (ALN #10.558). For the year ended December 31, 2024, the Organization received food commodities totaling \$41,453.

Note E - Subrecipients

Boys and Girls Clubs of Greater Milwaukee, Inc. did not provide federal awards to subrecipients during the year ended December 31, 2024.

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**INDEPENDENT AUDITOR'S 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**

To the Board of Trustees
Boys and Girls Clubs of Greater Milwaukee, Inc.

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 and Girls Clubs of Greater Milwaukee, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 8, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned as item 2024-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Organization'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 financial statements. 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 matters that are required to be reported under *Government Auditing Standards*.

Boys and Girls Clubs of Greater Milwaukee, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich CPA LLC

Brookfield, Wisconsin
July 8, 2025

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

To the Board of Trustees
Boys and Girls Clubs of Greater Milwaukee, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Boys and Girls Clubs of Greater Milwaukee, Inc.'s (Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *State of Wisconsin State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of the Organization's major federal and state programs for the year ended December 31, 2024. The Organization's major federal and major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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 programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

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; 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 *State of Wisconsin State Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sikich CPA LLC

Brookfield, Wisconsin
July 8, 2025

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2024

I. Summary of Auditor's Results

Financial Statements

Type of Auditors Report Issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>X</u>	Yes	___	No
Significant deficiency(ies) identified?	<u>X</u>	Yes	___	None Reported
Noncompliance material to financial statements noted?	___	Yes	<u>X</u>	No

Federal Awards

Internal control over financial reporting:

Material weakness(es) identified?	___	Yes	<u>X</u>	No
Significant deficiency(ies) identified?	___	Yes	<u>X</u>	None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? ___ Yes X No

Identification of major federal programs:

<u>Assistance Listing</u> <u>Number</u>	<u>Name of Federal Program or Cluster</u>
84.287	Twenty-First Century Community Learning Center Cluster
93.558	Temporary Assistance for Needy Families

Dollar threshold to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? ___ Yes X No

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2024

II. Financial Statement Findings

Finding 2024-001: Segregation of Duties with Payroll

Criteria: A fundamental element of internal control is the segregation of certain key duties so that no employee or group is in a position to both perpetrate and conceal errors or fraud in the normal course of their duties.

Condition: The Organization's office staff is currently preparing, reviewing, approving and recording certain payroll related activities. This includes access to adjust compensation, terminate or add employees, approve time cards including vacation, adjust deductions, and change routing information for direct deposits. Control over these functions should not rest with one department or employee.

Cause: The Organization has not adequately segregated duties relating to processing and recording of payroll.

Effect: Due to the lack of segregation of duties, the Organization may not be able to prevent or detect material errors or misstatements on a timely basis.

Recommendation: We recommend a comprehensive analysis be completed over the payroll process and duties and access be appropriately segregated between finance and human resources. Access within payroll should also be reviewed and limited so no one employee does not have access over custody, approval and processing over payroll.

Views of Responsible Officials and Corrective Action Plan: The Finance and Human Resource departments are in the process of creating policies and procedures that will detail the responsibilities of each department and individual involved in the payroll process.

Significant Deficiencies

Finding 2024-002: Restricted Net Assets

Criteria: The Organization is required to track their restricted net assets in accordance with GAAP. Restricted net assets are a significant part of the preparation of financial statements in accordance with GAAP.

Condition: It was noted that tracking of restricted net assets was not completed until the end of the year leading to audit adjustments to update contributions and releases throughout the year.

Cause: The Organization implemented procedures during the audit to properly track their restricted net assets releases, however it was not implemented during the year to ensure review over balances on a timely basis throughout the year.

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2024

II. Financial Statement Findings (Continued)

Finding 2024-002: Restricted Net Assets (Continued)

Effect: With the lack of tracking of restricted net assets, it is possible for the reported restricted net assets to include improper or incomplete releases to unrestricted funds.

Recommendation: We recommend management implement a process by which they can accurately track restricted net assets throughout the year.

Views of Responsible Officials and Corrective Action Plan: Management created a spreadsheet for the fiscal year 2023's audit that will better track restricted net assets moving forward. Management will update the spreadsheet monthly and release net assets on a quarterly basis.

III. Findings and Questioned Costs for Federal Awards

None

IV. Prior Audit Findings

Finding 2023-001: Significant Audit Adjustments

Condition: The Organization's internal control in some areas was not designed appropriately to ensure accurate ending balances as of the time of the audit, resulting in multiple material recommended audit adjustments.

Recommendation: We recommend management review the nature of these entries to determine if these types of adjustments could be made during the year as part of the ordinary financial reporting process. Additionally, we recommend that management ensure monthly reconciliations are being prepared, reviewed, and approved on a timely basis.

Current Status: The finding is not repeated.

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2024

IV. Prior Audit Findings (Continued)

Finding 2023-002: Segregation of Duties with Payroll

Condition: The Organization's office staff is currently preparing, reviewing, approving and recording certain payroll related activities. This includes access to adjust compensation, terminate or add employees, approve time cards including vacation, adjust deductions, and change routing information for direct deposits. Control over these functions should not rest with one department or employee.

Recommendation: We recommend a comprehensive analysis be completed over the payroll process and duties and access be appropriately segregated between finance and human resources. Access within payroll should also be reviewed and limited so no one employee does not have access over custody, approval and processing over payroll.

Current Status: Repeated as finding 2024-001.

Finding 2023-003: Approval of Employee Timecards by Supervisors

Condition: We noted employees' timecards do not always contain documentation of approval by supervisors or managers.

Recommendation: Sikich recommends the Organization establish a process by which approvals by both employees and supervisors is required and payroll cannot be submitted to the third-party payroll processor until all approvals have been obtained.

Current Status: Repeated as finding 2024-001.

Finding 2023-004: Credit Card Transaction Receipts and Approvals

Condition: Out of a sample of 40 credit card transactions tested, 31 transactions (78%) did not have the required approvals from management while 11 did not have an invoice or receipt to support the transaction.

Recommendation: We recommend the Organization implement a formal credit card policy where all transactions must have a level of approval before the card is paid and a threshold exists requiring receipts or other supporting documentation for the approver to review.

Current Status: The finding is not repeated.

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2024

IV. Prior Audit Findings (Continued)

Finding 2023-005: Tracking of Restricted Net Assets

Condition: It was noted that tracking of restricted net assets was not completed until the end of the year leading to audit adjustments to update contributions and releases throughout the year.

Recommendation: We recommend management implement a process by which they can accurately track restricted net assets throughout the year.

Current Status: Repeated as finding 2024-002.

Finding 2023-006: Approvals Over General Expenses

Condition: A significant deficiency of internal control over compliance was identified related to general expense transactions. Out of a sample of 120 general expense transactions tested, 25 expenses (21%) did not have the required approvals from management. This finding is in relation to testing over compliance requirements A (activities allowed or unallowed) and B (allowable costs/cost principles). No questioned costs were discovered as a result of this testing and statistical sampling was not utilized when determining the sample selections.

Recommendation: We recommend management implement a process to ensure that expenses allocated to specific grants receive the required approvals from management.

Current Status: The finding is not repeated.

Finding 2023-007: Unrecorded Grant Expenditures

Condition: A significant deficiency of internal control over compliance was identified related to unrecorded grant expenditures due to the transactions not being entered by the program manager in timely manner or in the correct accounting period. We also noted one invoice was entered as a 2024 expense but was identified as a 2023 expenditure during our testing. This finding is in relation to testing over compliance requirements A (activities allowed or unallowed) and B (allowable costs/cost principles).. No questioned costs were discovered as a result of this testing and statistical sampling was not utilized when determining the sample selections.

BOYS AND GIRLS CLUBS OF GREATER MILWAUKEE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2024

IV. Prior Audit Findings (Continued)

Finding 2023-007: Unrecorded Grant Expenditures (Continued)

Recommendation: We recommend the Organization implement deadlines for program managers to enter invoices in a timely manner within the correct accounting periods so that expenditures can be captured on grant reports submitted for reimbursement as well as approved and expensed within the proper period.

Current Status: The finding is not repeated.

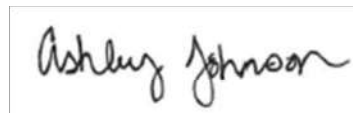
V. Other Issues

Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? Yes No

Does the audit report show audit issues (i.e. material noncompliance, nonmaterial noncompliance, questioned costs, material weaknesses, reportable condition, manage letter comment) related to grants/ contracts with funding agencies that require audits to be in accordance with the State of Wisconsin State Single Audit Guidelines:
Wisconsin Department of Workforce Development Yes No

Was a management letter or other document conveying audit comments issued as a result of this audit? Yes No

Name and Signature of Director



Ashley Johnson, CPA
July 8, 2025