

September 17, 2019

Boys and Girls Club of Dundee Township, Inc.  
20 S. Grove Street, Suite 201  
Carpentersville, IL 60110

Dear Andrew Glassford:

Enclosed please find one bound copy and one unbound copy of the audited financial statements of Boys and Girls Club of Dundee Township, Inc. for the years ended December 31, 2018 and 2017.

If you have any questions or comments, please feel free to contact us.

Very truly yours,

Tighe, Kress & Orr, PC  
Certified Public Accountants



**BOYS & GIRLS CLUBS**  
OF DUNDEE TOWNSHIP

*The Future Starts Here!*

**Financial Statements**  
**Together with Independent Auditor's Report**  
**December 31, 2018 and 2017**

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## Independent Auditor's Report

To the Board of Directors of  
Boys and Girls Club of Dundee Township, Inc.  
Carpentersville, Illinois 60110

We have audited the accompanying financial statements of the Boys and Girls Club of Dundee Township, Inc. (the "Club") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Club as of December 31, 2018 and 2017, 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.

## Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2018, the Club adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

*Ligke Krueger, CPA, PC*

Elgin, Illinois  
September 11, 2019

**Boys and Girls Club of Dundee Township, Inc.**  
**Statements of Financial Position**  
**December 31, 2018 and 2017**

	2018	2017
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 777,023	\$ 684,112
Grants receivable	189,835	161,663
Other receivable	11,122	11,449
Prepaid expenses	11,597	16,109
Total current assets	989,577	873,333
Property and Equipment, net	24,799	27,514
Total Assets	\$ 1,014,376	\$ 900,847
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 35,726	\$ 14,165
Payroll taxes payable	10,469	9,351
Grant funds payable	-	500
Scholarship funds payable	20,550	20,050
Payroll and vacation accruals	42,903	37,976
Deferred income - event	-	2,500
Held for member groups	3,121	2,890
Total current liabilities	112,769	87,432
<b>Net Assets:</b>		
Without donor restrictions	901,607	813,415
With donor restrictions	-	-
Total net assets	901,607	813,415
Total Liabilities and Net Assets	\$ 1,014,376	\$ 900,847

The accompanying notes are an integral part of the financial statements.

**Boys and Girls Club of Dundee Township, Inc.**  
**Statements of Activities and Changes in Net Assets**  
**For the Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
	<u>Without Donor Restrictions</u>	<u>Without Donor Restrictions</u>
<b>Revenues, Gains and Other Support:</b>		
Contributions	\$ 268,873	\$ 168,708
<b>Grants:</b>		
Illinois Alliance of Boys & Girls Clubs - Teen Reach	185,256	133,630
Illinois Alliance of Boys & Girls Clubs - 21st Century	458,034	399,295
Boys & Girls Club of America	42,214	13,798
United Way	113,330	162,150
Park district	75,000	75,000
School district	50,000	50,000
Government	13,300	16,680
Foundations and organizations	197,767	160,392
<b>Fundraising (net of costs):</b>		
Golf outing	13,214	11,113
Annual dinner	344,962	307,628
Miscellaneous	10,014	9,395
Program fees and member dues	99,340	105,291
Investment income	1,681	480
Gain/loss on disposal of fixed asset	-	(11,714)
<b>Total Revenues, Gains, and Other Support</b>	<u>1,872,985</u>	<u>1,601,846</u>
<b>Expenses:</b>		
Program expenses	1,430,171	1,335,646
Management and general	191,948	145,384
Fundraising expenses	162,674	153,475
<b>Total Expenses</b>	<u>1,784,793</u>	<u>1,634,505</u>
<b>Change in Net Assets</b>	88,192	(32,659)
<b>Net Assets - Beginning of Year</b>	813,415	846,074
<b>Net Assets - End of Year</b>	<u>\$ 901,607</u>	<u>\$ 813,415</u>

The accompanying notes are an integral part of the financial statements.

**Boys and Girls Club of Dundee Township, Inc.**  
**Statements of Functional Expenses**  
**For the Years Ended December 31, 2018 and 2017**

	2018				2017
	Program Expenses	Management and General	Fundraising	Total	
Personnel expenses:					
Salaries and wages	\$ 1,017,617	\$ 89,705	\$ 113,455	\$ 1,220,777	\$ 1,068,916
Employment taxes	78,049	6,862	8,679	93,590	82,115
Benefits	88,375	2,562	10,529	101,466	90,395
Program supplies and expenses	98,250	-	-	98,250	102,974
Professional fees	4,109	74,396	570	79,075	29,135
Conferences and meetings	14,052	5,145	567	19,764	30,439
Dues	15,293	13	1,269	16,575	14,254
Transportation	24,581	41	-	24,622	76,412
Recognition and outreach	-	-	19,261	19,261	19,859
Insurance	23,049	2,531	3,200	28,780	42,427
Communication	9,101	999	1,264	11,364	7,224
Depreciation	9,430	-	-	9,430	13,177
Occupancy	4,000	-	-	4,000	4,000
Fees and charges	-	3,308	-	3,308	8,016
Office	-	3,831	157	3,988	4,829
Software	16,556	1,818	2,299	20,673	-
Printing and reproduction	3,542	389	491	4,422	4,461
Postage	-	-	493	493	345
Equipment rental/maintenance	3,167	348	440	3,955	4,706
Grant expense	21,000	-	-	21,000	30,501
Repairs	-	-	-	-	320
Total Functional Expenses	\$ <u>1,430,171</u>	\$ <u>191,948</u>	\$ <u>162,674</u>	\$ <u>1,784,793</u>	\$ <u>1,634,505</u>

The accompanying notes are an integral part of the financial statements.



**Boys and Girls Club of Dundee Township, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2017**

	2017			
	Program Expenses	Management and General	Fundraising	Total
Personnel expenses:				
Salaries and wages	\$ 936,919	\$ 62,593	\$ 69,404	\$ 1,068,916
Employment taxes	46,128	17,065	18,922	82,115
Benefits	66,954	11,518	11,923	90,395
Program supplies and expenses	93,409	3,730	5,835	102,974
Professional fees	1,062	27,637	436	29,135
Conferences and meetings	16,115	9,558	4,766	30,439
Dues	12,378	-	1,876	14,254
Transportation	76,373	39	-	76,412
Recognition and outreach	-	-	19,859	19,859
Insurance	23,834	8,817	9,776	42,427
Communication	4,058	1,501	1,665	7,224
Depreciation	13,177	-	-	13,177
Occupancy	4,000	-	-	4,000
Fees and charges	600	600	6,816	8,016
Office	2,713	1,003	1,113	4,829
Software	-	-	-	-
Printing and reproduction	4,461	-	-	4,461
Postage	-	345	-	345
Equipment rental/maintenance	2,644	978	1,084	4,706
Grant expense	30,501	-	-	30,501
Repairs	320	-	-	320
<b>Total Functional Expenses</b>	<b>\$ 1,335,646</b>	<b>\$ 145,384</b>	<b>\$ 153,475</b>	<b>\$ 1,634,505</b>

The accompanying notes are an integral part of the financial statements.

**Boys and Girls Club of Dundee Township, Inc.**  
**Statements of Cash Flow**  
**For the Years Ended December 31, 2018 and 2017**

	2018	2017
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 88,192	\$ (32,659)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	9,430	13,177
Gain on disposal	-	11,714
(Increase) decrease in operating assets:		
Grant receivable	(28,172)	41,817
Other receivable	327	22,006
Prepaid expenses	4,512	5,152
Increase (decrease) in operating liabilities:		
Accounts payable	21,561	(13,663)
Payroll taxes payable	1,118	2,409
Grants funds payable	(500)	(2,834)
Scholarship funds	500	10,000
Payroll and vacation accruals	4,927	806
Deferred income - event	(2,500)	2,500
Keystone reserve	231	927
Net cash provided provided by operating activities	99,626	61,352
<b>Cash Flows from Investing Activities:</b>		
Purchase of property, plant and equipment	(6,715)	(9,049)
Proceeds from sale of property, plant and equipment	-	4,000
Net cash used in investing activities	(6,715)	(5,049)
<b>Cash Flows from Financing Activities:</b>		
Net cash provided (used) in financing activities	-	-
Net Increase in Cash and Cash Equivalents	92,911	56,303
Cash and Cash Equivalents - Beginning of Year	684,112	627,809
Cash and Cash Equivalents - End of Year	\$ 777,023	\$ 684,112

The accompanying notes are an integral part of the financial statements.

**Boys and Girls Club of Dundee Township, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 1 –Summary of Significant Accounting Policies**

**Nature of Activities:**

Boys and Girls Club of Dundee Township, Inc. (the “Club”) is an Illinois nonprofit organization that is affiliated with Boys and Girls Club of America (BGCA) a well-established, well-respected national organization devoted to working with at-risk youth. The BGCA goal is to help these at-risk youth become productive citizens. The Club works with children ages 6 through 18 and offers them a wide variety of recreational and educational programs. The Club also offers guidance and counseling. Through these services, the Club hopes to develop positive self-esteem for the individuals involved in the programs. Approximately 61 percent of the Club’s funding is provided by grants from various sources. Other support is provided by contributions from fundraising, program fees, local companies and individuals. The Club conducts the following programs:

Education and Career Development – This program enables youth to become proficient in basic educational disciplines, apply learning to everyday situations, and embrace technology to achieve success in a career. Activities include homework assistance, tutoring, computer skills training, job shadowing, cooking club, and various other educational games and activities.

Health and Life Skills – This program develops young people’s capacity to engage in positive behaviors that nurture their own well-being, set personal goals, and live successfully as self-sufficient adults. Activities include drug education, gang resistance, cultural appreciation, diversity training, and peer chat.

Character and Leadership Development – This program empowers youth to support and influence their Club and community, sustain meaningful relationships with others, develop a positive self-image, participate in the democratic process, and respect their own and others’ cultural identities. Activities include teen dances, garbage clean-up projects, leadership conferences, and other various community service projects.

The Arts – This program enables youth to develop their creativity and cultural awareness through knowledge and appreciation of the visual arts, crafts, performing arts, and creative writing. Activities include arts and crafts, digital photography, digital movie-making, digital music-making, choir, mural making, and dance club.

Sports Fitness and Recreation – This program develops fitness, positive use of leisure time, skills for stress management, appreciation for the environment, and social skills. Activities include basketball competition, games room tournaments, outdoor games and activities, fitness activities and training, field trips, and much more.

**Boys and Girls Club of Dundee Township, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Nature of Activities (continued):**

Technology – This program provides training and resources to make members effective users of technology. The technology program teaches members technical skills and integrates technology into core program areas. Each program emphasizes the safe, ethical use of technology and explores high-tech career options.

Teen REACH – This program empowers youth, ages 6 through 17 years, to develop positive expectations for their future success through structured activities during non-school hours. The purpose of this program is to increase academic success and reduce risk-taking behaviors such as substance abuse and involvement in criminal and gang activities. Young people are encouraged to look to their futures and see the rewards of positive self-esteem.

21<sup>st</sup> Century – This program provides academic enrichment opportunities during non-school hours for children, particularly students who attend high-poverty and low-performing schools. The program helps students meet state and local student standards in core academic subjects, such as reading and math; offers students a broad array of enrichment activities that can complement their regular academic programs; and offers literacy and other educational services to the families of participating children.

**Basis of Accounting:**

The financial statements of the Club have been prepared using the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. Contributions received and unconditional promises of support are measured at their fair values and are reported as increases in net assets. Pledges receivable also include conditional promises of support where the condition has been met. Expenses are recorded when incurred.

**Functional Expenses:**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Cash and Cash Equivalents:**

The Club, for the purposes of reporting cash flows, defines cash and cash equivalents as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

**Boys and Girls Club of Dundee Township, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 1 –Summary of Significant Accounting Policies (continued)**

**Contributed Services:**

There were no significant in-kind services recognized in the years ended December 31, 2018 and 2017. Many individuals volunteer their time and perform a variety of tasks that assist the Club in management and governance, fund raising and project collaboration, but these services do not meet the criteria for recognition as contributed services.

**Concentrations of Credit Risk:**

The Club maintains its cash balances in local checking accounts or in trust balances. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2018 and 2017 the Club had balances in excess of the FDIC insured limits. The Club does not consider these balances to be exposed to any significant credit risk. The Club has not experienced any losses on these assets.

**Risk Management:**

Significant losses are covered by commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts, if any, have not exceeded insurance coverage for the current year or since the Club's inception.

**Use of Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes:**

The Club is a tax-exempt organization as defined in Section 501(c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America requires management to evaluate tax positions taken by the Club and recognize a tax liability if the Club has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other applicable taxing authorities.

Management has analyzed the tax positions taken by the Club, and has concluded that as of December 31, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Club is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress.

**Grants and Awards:**

Historically, the Club receives a substantial amount of its support from the Dundee Park District, United Way, the Teen Reach Grant, and the 21<sup>st</sup> Century Learning Grant. A significant reduction in the level of this support, if this were to occur, may have a negative effect on the Club's programs and activities.

**Boys and Girls Club of Dundee Township, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 1 – Summary of Significant Accounting Policies (continued)**

The Club receives grant revenues for the 21<sup>st</sup> Century Learning Center, through the Alliance of Boys and Girls Clubs. The purpose of the grant is to allow the Club to participate in the Illinois Alliance of Boys and Girls Club 21<sup>st</sup> Century Community Learning Center Program at schools throughout the Dundee area. The grants are funded by the Illinois State Board of Education.

The Club received approximately 34% and 33% of its total revenue from the Illinois Alliance of Boys and Girls in the years ended December 31, 2018 and 2017, respectively. The Club also received approximately 6% and 10% of its total revenue from United Way of Metropolitan Chicago Live United 2020 Community Grant in the years ended December 31, 2018 and 2017, respectively. Any substantial loss from these grants could significantly affect the range of services provided by the Club.

**Basis of Presentation:**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Update (“ASU”) 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU 2016-14, the Club is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions include undesignated and board-designated sources with no legal donor-imposed restrictions.

Net assets with donor restrictions represent net assets subject to donor-imposed or legal restrictions; which will either be met by the Club’s actions, the passage of time or are perpetual in nature. Net assets with donor restrictions are reclassified to net assets without donor restrictions when the restrictions are met or have expired. These reclassifications are reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

**Designated Fund Balances:**

Designated net assets represent amounts that have been designated for specific purposes by the Club’s Board of Directors. There were no designated net assets for the years ended December 31, 2018 and 2017.

**Liquidity:**

It is the policy of the Club to invest cash in excess of daily requirements in short-term investments. To assist in managing unanticipated liquidity needs, the Club has a committed line of credit in the amount of \$100,000 which it could draw upon. Additionally, the Club has unrestricted investment accounts that could be assessed for short-term liquidity needs if necessary. The Club receives financial assets with donor restrictions for specific spending. These assets are not available for general operations and are tracked and accounted for separately. The Club has identified the liquidity goal to maintain cash and short-term investments available for operating expenditures to meet 90 days of normal operating expenses, which is approximately \$450,000.

**Boys and Girls Club of Dundee Township, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Grant Receivable:**

Grant receivables are stated at unpaid balances, less estimates made for doubtful accounts. Management determines the allowances for doubtful accounts by reviewing and identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Management deemed no allowance necessary for the years ending December 31, 2018 and 2017.

**Other Receivable:**

Other receivables are made up of contribution revenue due from special events, as well as refunds due from the Club's credit card processor.

**New Accounting Pronouncement:**

During the year, the Organization adopted FASB ASU 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. This pronouncement improves not-for-profit financial statements to provide more useful information to donors, grantors, creditors, and other financial statement users.

**Note 2 – Community Partners**

The Club is a separate not-for-profit agency, with a local governing Board of Directors. The Club works collaboratively with other services and organizations in the community to maximize opportunities and services. Dundee Township Park District provides a center for which a nominal rent of \$2,000 every six months has been established. This is a six-month to six-month agreement. Rent expense for the years ended December 31, 2018 and 2017 was \$4,000, respectively.

The Club has also maintained seven program centers in school locations provided for nominal or no expense by local school districts. Through a Title I Grant, the community school district provides a snack and a hot meal to qualified members in attendance at the school sites.

**Note 3 – Retirement Plan**

Effective January 1, 2009, the Club has established a 401(a) retirement plan through the Boys and Girls Club of America. Contributions are made throughout the year at 5% of the qualified employee's salary. A total of \$29,192 and \$18,786 was paid related to the pension plan in 2018 and 2017, respectively. Accrued costs were \$2,086 and \$0 in 2018 and 2017, respectively.

**Boys and Girls Club of Dundee Township, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 4 – Contingencies**

The Club receives grants from several state and local governmental agencies. The disbursement of grant funds requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability to the Club. However, management believes that any such disallowed claims would not have a material effect on the financial statements or the overall financial position of the Club.

**Note 5 – Property, Plant and Equipment**

Property, plant and equipment in the accompanying financial statements are presented net of accumulated depreciation. The Club capitalizes property and equipment with a cost of over \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

Donated assets are recorded as a gift and asset based upon the fair market value of the item at the time of the gift. The components of property, plant and equipment at December 31, 2018 and 2017 are as follows:

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>Depreciable Life - Years</u>
Equipment	\$ 38,166	\$ 36,766	5-7
Vehicle	36,523	36,523	7
Furnishings	13,712	11,072	7
Leasehold improvements	9,424	6,749	7
	<u>97,825</u>	<u>91,110</u>	
Accumulated depreciation	<u>(73,026)</u>	<u>(63,596)</u>	
Property and Equipment, net	<u>\$ 24,799</u>	<u>\$ 27,514</u>	

Depreciation expense for the years ended December 31, 2018 and 2017 was \$9,430 and \$13,177, respectively.



**Boys and Girls Club of Dundee Township, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 6 – Fundraising Revenue**

Fundraising revenues are shown on the Statement of Activities and Changes in Net Assets net of all direct costs. The components of fundraising income at December 31, 2018 and 2017 are as follows:

	2018			2017		
	Income	Expenses	Net Income	Income	Expenses	Net Income
Golf outing	\$ 25,885	\$ 12,671	\$ 13,214	\$ 21,501	\$ 10,388	\$ 11,113
Annual dinner	434,222	89,260	344,962	371,625	63,997	307,628
Miscellaneous	16,169	6,155	10,014	14,464	5,069	9,395
Total	<u>\$ 476,276</u>	<u>\$ 108,086</u>	<u>\$ 368,190</u>	<u>\$ 407,590</u>	<u>\$ 79,454</u>	<u>\$ 328,136</u>

**Note 7 – Changes in Presentation**

Certain reclassifications have been made to the 2017 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

**Note 8 – Date of Management's Review**

Subsequent events have been evaluated through the date of this report, which is the date the financial statements were available to be issued. It was concluded that there are no subsequent events required to be disclosed.