

**BIG BROTHERS/BIG SISTERS
OF SOUTHWEST LOUISIANA, INC.**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Big Brothers/Big Sisters of
Southwest Louisiana, Inc.
Lake Charles, Louisiana

Report on the Financial Statements

I have audited the accompanying statements of Big Brothers/Big Sisters of Southwest Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers/Big Sisters of Southwest Louisiana, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments 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 my 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*, I have also issued my report dated April 28, 2020, on my consideration of Big Brothers/Big Sisters of Southwest Louisiana, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Big Brothers/Big Sisters of Southwest Louisiana, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

I have previously audited Big Brothers/Big Sisters of Southwest Louisiana, Inc.'s 2018 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated May 31, 2019. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
April 28, 2020

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2019
with comparative totals for 2018

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 603,877	\$ 546,830
Unconditional promises to give	51,448	36,882
Grants receivable	8,333	4,791
Accrued video revenue	417	417
Beneficial interest in the assets held by the Community Foundation of SWLA	10,444	9,350
Prepaid expenses	16,722	16,357
Prepaid unrelated business income taxes	139	4,012
Total current assets	<u>691,380</u>	<u>618,639</u>
PROPERTY AND EQUIPMENT		
Furniture and equipment	104,088	104,088
Leasehold improvements	8,494	8,494
Building	377,272	377,272
Building improvements	246,809	239,895
	<u>736,663</u>	<u>729,749</u>
Less accumulated depreciation	<u>(437,099)</u>	<u>(415,927)</u>
	299,564	313,822
Land	20,052	20,052
Net property and equipment	<u>319,616</u>	<u>333,874</u>
Total Assets	<u>\$ 1,010,996</u>	<u>\$ 952,513</u>

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

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2019
with comparative totals for 2018

LIABILITIES

	<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES		
Accounts payable-trade	\$ 17,028	\$ 14,196
Accrued expenses	13,819	15,969
Unrelated business income taxes payable	7	814
Deferred support	12,200	3,500
Total current liabilities	<u>43,054</u>	<u>34,479</u>
Total liabilities	<u>43,054</u>	<u>34,479</u>
NET ASSETS		
Without donor restrictions	902,883	832,152
With donor restrictions	65,059	85,882
Total net assets	<u>967,942</u>	<u>918,034</u>
Total Liabilities and Net Assets	<u>\$ 1,010,996</u>	<u>\$ 952,513</u>

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2019
with comparative totals for 2018

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES, GAINS AND OTHER SUPPORT				
United Way of Southwest Louisiana	\$ 92,515	\$ 40,059	\$ 132,574	\$ 101,034
Grants and service fees	345,756	25,000	370,756	372,352
Contributions	20,010	-	20,010	16,617
In-kind contributions	66,505	-	66,505	44,927
Investment earnings	2,311	-	2,311	1,773
Other	8,527	-	8,527	3,783
Bingo revenues, net of awards and progressive	407,502	-	407,502	415,113
Fund-raising/special events	79,714	-	79,714	73,253
Unrealized gain (loss) on investments	1,094	-	1,094	(650)
Total revenues and gains	1,023,934	65,059	1,088,993	1,028,202
Net assets released from restrictions	85,882	(85,882)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,109,816	(20,823)	1,088,993	1,028,202
EXPENSES AND LOSSES				
Program service-community services	690,092	-	690,092	646,078
Management and general	72,430	-	72,430	65,228
Fund-raising/special events	61,488	-	61,488	56,418
Bingo	215,075	-	215,075	214,463
Loss on sale of timeshare	-	-	-	11,600
TOTAL EXPENSES AND LOSSES	1,039,085	-	1,039,085	993,787
CHANGE IN NET ASSETS	70,731	(20,823)	49,908	34,415
NET ASSETS AT BEGINNING OF YEAR	832,152	85,882	918,034	883,619
NET ASSETS AT END OF YEAR	\$ 902,883	\$ 65,059	\$ 967,942	\$ 918,034

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

**For the year ended December 31, 2019
with comparative totals for 2018**

	Program Services	Management and General	Fund Raising	Bingo	Total Program and Supporting Service Expense	
					2019	2018
Activities	\$ 11,389	\$ -	\$ -	\$ -	\$ 11,389	\$ 5,742
Bank fees	206	31	21	3,778	4,035	4,369
Dues	14,122	2,118	1,412	-	17,653	12,265
FGP Program	235,950	-	-	-	235,950	240,863
Hospitality/health benefits	13,950	2,093	1,395	-	17,438	16,218
Insurance	16,049	2,407	1,605	2,656	22,717	23,546
Meeting and training	10,550	1,582	1,055	-	13,187	15,080
Miscellaneous	5,578	837	558	-	6,972	6,816
Other programs	3,992	-	-	-	3,992	4,230
Payroll taxes	22,022	3,727	2,652	5,479	33,880	30,149
Postage	219	33	22	-	274	71
Professional fees	14,035	2,105	1,404	-	17,544	16,677
Publicity and promotion	10,158	1,524	1,016	-	12,697	4,688
Rent and occupancy	11,802	1,770	1,180	45,400	60,153	60,300
Retirement	4,617	779	600	-	5,996	5,518
Salaries	269,696	45,641	42,085	57,495	414,917	392,959
Security	-	-	-	3,983	3,983	4,172
Supplies	12,929	3,232	3,500	61,891	81,552	74,270
Taxes and licenses	-	75	-	34,393	34,468	34,286
Telephone	1,352	203	135	-	1,690	2,026
Travel and transportation	7,524	1,129	752	-	9,405	3,562
Utilities	4,025	604	402	-	5,031	5,176
Volunteer Screening	2,990	-	-	-	2,990	219
Total before depreciation and other expense	673,154	69,890	59,794	215,075	1,017,913	963,202
Depreciation	16,938	2,541	1,694	-	21,172	18,985
TOTAL EXPENSES	\$ 690,092	\$ 72,430	\$ 61,488	\$ 215,075	\$ 1,039,085	\$ 982,187

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

STATEMENT OF CASH FLOWS

**Year Ended December 31, 2019
with comparative totals for 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 49,908	\$ 34,415
Adjustments to reconcile change in net assets to net cash provided by (used) by operating activities		
Depreciation	21,172	18,985
(Increase) decrease in operating assets		
Grants receivable	(3,542)	7,656
Accrued video revenue	-	(45)
Prepaid expenses	(365)	(328)
Unconditional promises to give	(14,566)	15,677
Prepaid income tax	3,873	(4,012)
Increase (decrease) in operating liabilities		
Accounts payable-trade	2,832	(2,179)
Deferred support	8,700	(4,725)
Accrued expenses	(2,150)	2,667
Income tax payable	(807)	(4,871)
NET CASH FROM OPERATING ACTIVITIES	<u>65,055</u>	<u>63,240</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of timeshare	-	14,500
Payments for property, equipment and improvements	(6,914)	(13,354)
Cash additions to beneficial interest	(1,094)	(9,350)
NET CASH FROM INVESTING ACTIVITIES	<u>(8,008)</u>	<u>(8,204)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	57,047	55,036
 BEGINNING CASH AND CASH EQUIVALENTS	<u>546,830</u>	<u>491,794</u>
 ENDING CASH AND CASH EQUIVALENTS	<u>\$ 603,877</u>	<u>\$ 546,830</u>

Supplemental Disclosure:

Income tax paid in year ended December 31, 2019 was \$33,868.

Income tax paid in year ended December 31, 2018 was \$33,396.

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

**Notes to Financial Statements
December 31, 2019**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Big Brothers/Big Sisters of Southwest Louisiana, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

1. Organization and Purpose

Big Brothers/Big Sisters of Southwest Louisiana, Inc. is a not-for-profit organization whose main purpose is to provide children from single-parent homes with the confidence and desire to develop into loving and productive adults through the warmth and friendship of a caring adult volunteer. The Organization's purpose is carried out through their office located in Southwest Louisiana.

2. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic, *Financial Statements of Not-for-Profit Organizations*. In accordance with this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

3. Cash and Cash Equivalent

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amount of assets and liabilities, disclosure 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.

5. Property and Equipment

The Organization follows the practice of capitalizing all furniture and fixtures acquired in excess of \$1,000. Donated fixed assets are recorded as support at their estimated fair value at the date of donation; all other fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation amounted to \$21,172 for the year ended December 31, 2019, based on an estimated useful life of five years for equipment and forty years for buildings.

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

Notes to Financial Statements
December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets available subject to donor-imposed or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

The Organizations report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for specified purpose:

Program activities:

2020 Summer Program	\$ 10,000
2020 Jeff Davis Parish Program	5,000
2020 STEM Program	10,000
	<hr/>
	25,000

Subject to the passage of time:

For periods after December 31, 2019	40,059
	<hr/>
	\$ 65,059

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

**Notes to Financial Statements
December 31, 2019**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Concentration of Revenue and Support

The Organization receives funding from the United Way of Southwest Louisiana, individual contributions, fundraisers, grants, bingo revenues, interest, and other income. A majority of the revenue for the Organization's programs is provided by bingo revenues (37%), federal and state grants (34%) and contributions/fundraising including funding from the United Way of Southwest Louisiana (21%). If the Organization no longer held the bingo sessions, or there were significant reductions in amounts received in funding or by donors, the operations of the Organization could be adversely impacted.

8. Advertising Costs

Advertising costs are charged to operations when incurred. For the year ended December 31, 2019, the Organization incurred \$12,697 in publicity and promotion costs.

9. Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers*, or Accounting Standards Codification Topic 606 ("ASC 606"), which supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition* ("ASC 605"). This literature is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The accounting guidance also requires additional disclosure regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts including significant judgements and changes in judgements, as well as assets recognized from costs incurred to obtain or fulfill a contract. On January 1, 2019, the Organization adopted ASC 606 and was applied to all contracts on a modified retrospective method.

We have analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*, and have concluded that no material changes are necessary to conform with the new standard. Bingo revenues are recognized when based on the outcome of an event either (1) the Organization retains the amount wagered by the customer or (2) the wager is returned to the customer along with an additional amount effectively representing the Organizations side of the wager in the agreement. Fundraising revenues representing reciprocal transfers (exchange transactions) are recognized when the performance obligation is satisfied. The Organization's estimate of the transaction price is determined based on the cost expended to provide such goods or services.

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

**Notes to Financial Statements
December 31, 2019**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Revenue Recognition (Continued)

The following table presents the Organization's net revenue disaggregated based on the revenue source:

<u>For the year ended December 31,</u>	<u>2019</u>	<u>2018</u>
Bingo revenues, net of awards and progressive	\$ 407,502	\$ 415,113
Fundraising event exchange transactions	19,664	16,662
Total revenue from contracts with customers	<u>\$ 427,166</u>	<u>\$ 431,775</u>

10. Contributed Goods and Services

FASB ASC 958-605-50-1 states that for donated services to be recognized in the financial statements, the services must either (a) create or enhance a nonfinancial asset or (b) be specialized skills, provided by entities or persons possessing those skills that would be purchased if not donated. During the year, the value of these contributed services which consisted of answering services and advertising totaled \$25,100 and met the requirements for recognition in the financial statements. Donated goods which are recorded at fair market value include fundraiser prizes, foster grandparent program meals, repairs and supplies totaling \$41,405.

11. Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

12. Reclassification

In 2019, the Organization began netting Bingo awards and progressive pay-outs with Bingo revenue on the Statement of Activities. This treatment was retrospectively applied to 2018.

<u>For the year ended December 31,</u>	<u>2019</u>	<u>2018</u>
Bingo revenues	\$ 829,702	\$ 833,550
Less: Bingo awards and progressive	(422,200)	(418,437)
Bingo revenues, net of awards and progressive	<u>\$ 407,502</u>	<u>\$ 415,113</u>

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

**Notes to Financial Statements
December 31, 2019**

NOTE B - FAIR VALUES OF FINANCIAL INSTRUMENTS

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at December 31, 2019, do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the agency could realize in a current market exchange. The recorded values of cash and cash equivalents, unconditional promises to give, grants receivable, prepaid expenses, accounts payable, accrued expenses and deferred support approximate their fair values based on their short-term nature. The recorded values of notes payable approximate their fair value, as interest is insignificant.

NOTE C – BENEFICIAL INTEREST IN ASSETS

During 2018, the Organization transferred \$10,000 of assets to the Community Foundation of Southwest Louisiana (the “Foundation”) which is holding them as an endowed component fund (“Fund”) for the benefit of non-related charitable organizations. The Organization has granted the Foundation variance power which gives the Foundation’s Board of Trustees the power to use the Fund for the Foundation’s charitable purposes. The Fund is subject to the Foundation’s investment and spending policies which currently result in a distribution of 5% of the Fund as of the end of each calendar quarter. Any distributions from the Fund cannot cause the fair value of the Fund to drop below its Historic Dollar Value of \$10,000. The Organization has the ability to request termination of this agreement at any time. Upon termination the remainder of these funds would be return to Big Brothers Big Sisters of SWLA. The Community Foundation of Southwest Louisiana charges a 0.25% quarterly administrative fee.

Changes in the Fund for the year ended December 31, 2019 are as follows:

Balance at January 1, 2019	\$ 9,350
Amounts invested in the Fund	-
Share of appreciation of Fund	1,655
Administration Fees	(532)
Distributions made from Fund	(29)
Balance at December 31, 201*	\$ 10,444

The summary of changes in fair value of the beneficial interest in the assets held by the Community Foundation of SWLA has been prepared to reflect the activity in the same categories as those provided by the Community Foundation of SWLA. Net investment performance includes realized and unrealized gains (losses) on investments, investment income, and administrative fees and is included in change in value of beneficial interest in assets held by others in the accompanying statements of activities. Typically, distributions decrease the Organization’s respective financial asset and increase cash at the time of distribution.

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

Notes to Financial Statements
December 31, 2019

NOTE D – INVESTMENTS

The Organization applies GAAP for fair value measurements of financial assets that are recognized at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair market hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.

Level 2 inputs are inputs (other than quoted prices in Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available).

Beneficial interest in assets held by the Community Foundation of SWLA: The fair value of the Organization's beneficial interest in assets held by the Community Foundation of SWLA is based on the fair value of fund investments as reported by the Community Foundation of SWLA. These are considered to be level 3 investments. See Note C for a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the year ending December 31, 2019.

As of December 31, 2019, the Organization's investments measured on a recurring basis consisted of certificate of deposit investments with fair market value (Level 3) and cost bases as follows:

	Amortized Cost	Fair Value	Unrealized Gain (Loss)
Beneficial Interest in Assets (Level 3 Unobservable Inputs)	\$ 10,000	\$ 10,444	\$ 444

NOTE E - FUNCTIONAL ALLOCATION OF EXPENSES

Expenses were allocated in the accompanying financial statements to program and support services functional expense groups. The methods of allocation were based on the Organization's estimates of the relative proportion of various staff members' time and effort between program and support services as well as the Organization's estimates of the amount of each expense utilized for program or support service functions.

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

**Notes to Financial Statements
December 31, 2019**

NOTE F – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization has \$663,658 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of substantially cash of \$603,877, unconditional promises to give of \$51,448 and grants receivable of \$8,333. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The unconditional promises to give are subject to implied time restrictions but are expected to be collected within one year. The Organization has a goal to maintain financial assets which consist of cash on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$130,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Organization deposits cash in excess of daily requirements in its interest-bearing savings account.

NOTE G - RETIREMENT PLAN

The Organization participated in a defined contribution retirement plan that covers all full-time employees fulfilling the eligibility requirements set by the plan underwriter. Contributions to the plan were three percent (3%) of gross wages during 2019 and amounted to \$5,996. In compliance with the requirements of the Tax Reform Act of 1986, the Board of Directors on September 17, 1997 voted to amend its retirement plan. On March 20, 1998, the Internal Revenue Service issued a favorable determination letter regarding this amendment.

NOTE H - INCOME TAXES

Big Brothers/Big Sisters of Southwest Louisiana, Inc. was incorporated under the laws of the state of Louisiana. The Organization is operated exclusively for charitable services and has qualified for the exemption from Federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509 (a) of the Code. The Organization is subject to income tax on unrelated business income which includes the net pull tab profit received from the bingo operations. Income tax amounted to \$33,868 for the year ended December 31, 2019. Big Brothers/Big Sisters of Southwest Louisiana, Inc. is required to file the applicable Form 990, *Return of Organization Exempt from Income Tax*, and Form 990-T, *Exempt Organization Business Income Tax Return*. Returns are subject to examination by the IRS, generally for three years after they are filed.

NOTE I - COMPENSATED ABSENCES

Employees of Big Brothers/Big Sisters of Southwest Louisiana, Inc. are entitled to paid vacation and personal days off depending on job classification, length of service and other factors. The value of these compensated absences is calculated based on the employee's pay rate at the end of the year. Accrued compensated absences totaled \$11,693 at December 31, 2019.

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

**Notes to Financial Statements
December 31, 2019**

NOTE J - UNCONDITIONAL PROMISES TO GIVE

During the year ended December 31, 2019, the Organization received its United Way allocation of \$80,117 for the period July 2019 through June 2020. The receivable of \$40,059 is the amount for January 2020 through June 2020. This allocation is donor restricted as to time of receipt and is properly reflected in the accompanying Statement of Activities as an increase in donor restricted net assets. Uncollectible allocations are expected to be insignificant.

NOTE K - LEASES

The Organization conducts its bingo sessions at a facility owned by the Calcasieu Parish Voluntary Council on Aging, Inc. (CCOA). Rent is paid to CCOA for each bingo session held. This lease is renewed annually and lease expense totaled \$45,400 for the year ended December 31, 2019.

NOTE L – CASH AND CASH EQUIVALENTS

The Organization maintains the following cash accounts:

		December 31, 2019
Petty Cash Accounts	\$	260
Operating Account		114,223
Savings Account		352,024
* Bingo/Pull Tab Accounts	\$	137,370

* The Organization is required to maintain a separate bank account for the gaming accounts.

NOTE M - CONCENTRATION OF RISK

Big Brothers/Big Sisters of Southwest Louisiana, Inc. maintains cash balances at several financial institutions located in Southwest Louisiana. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC), based on balances and interest rate terms. Amounts held in financial institutions occasionally are in excess of Federal Deposit Insurance Corporation limits and uninsured deposits totaled \$102,024 at December 31, 2019. The Organization deposits its cash with high quality financial institutions, and management believes the organization is not exposed to significant credit risk on those amounts.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of promises to give receivable, grants receivable and \$10,444 in a beneficial interest in assets held by the Community Foundation of SWLA. Amounts receivable from promises to give at December 31, 2019 consist of \$51,448 from the United Way of Southwest Louisiana. Grants receivable at December 31, 2019 consist of \$8,333 from the Calcasieu Parish Police Jury.

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

**Notes to Financial Statements
December 31, 2019**

NOTE N - FUND-RAISING EXPENSE

Fund-raising expenses related to the Bowl-for-Kids Sake, Lundi Gras and golf tournament events totaled \$72,569 or 48% of the total special events revenues. Special events are shown net of these costs on the Statement of Activities for the year ended December 31, 2019. The amount of salaries and related payroll taxes, and other expenses allocated to fund-raising are not included in the above total.

NOTE O - SUBSEQUENT EVENT

The Organization evaluated its December 31, 2019 financial statements for subsequent events through the date of the audit report, the date the financial statements were available to be issued, and noted the following item.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, operation of the Organization has been temporarily and partially suspended resulting in a negative impact to revenue. While this disruption is currently expected to be temporary, there is uncertainty as to the duration. Therefore, while we expect this matter to negatively impact the results of operations and financial position, the related financial impact cannot be reasonably estimated at this time. The extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

STEVEN M. DEROUEN & ASSOCIATES

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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*

Board of Directors
Big Brothers/Big Sisters of Southwest Louisiana, Inc.
Lake Charles, LA

I 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 Big Brothers/Big Sisters of Southwest Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated April 28, 2020.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Big Brothers/Big Sisters of Southwest Louisiana, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Big Brothers/Big Sisters of Southwest Louisiana, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Big Brothers/Big Sisters of Southwest Louisiana, Inc.'s internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Steven M. DeRouen & Associates

Lake Charles, Louisiana
April 28, 2020

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

SCHEDULE OF FINDINGS

Year Ended December 31, 2019

I have audited the financial statements of Big Brothers/Big Sisters of Southwest Louisiana, Inc. for the year ended December 31, 2019, and have issued my report thereon dated April 28, 2020. I conducted my audit 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. My audit of the financial statements as of December 31, 2019 resulted in an unqualified opinion.

Section I – Summary of Auditor’s Report

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness Yes No Other Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section II – Financial Statement Findings

There were no current year financial statement findings.

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2019

NONE

Big Brothers/Big Sisters of Southwest Louisiana, Inc.

Schedule of Compensation, Benefits and Other Payments to Executive Director

Paid from Public Funds

December 31, 2019

NO COMPENSATION PAID FROM PUBLIC FUNDS

Agency Head Name: Erin Davison, Executive Director

Purpose	Amount
Salary	0.00
Benefits-health insurance	0.00
Benefits-retirement	0.00
Benefits-Life, ADD, LTD	0.00
Car allowance	0.00
Vehicle provided by government	0.00
Per diem	0.00
Reimbursements – Auto Mileage Reimb	0.00
Travel	0.00
Registration fees	0.00
Conference travel	0.00
Continuing professional education fees	0.00
Housing	0.00
Unvouchered expenses	0.00
Special meals	0.00