

**BOYS & GIRLS CLUBS OF
SOUTHEAST LOUISIANA, INC.**

FINANCIAL STATEMENTS
AND
REPORT TO BOARD

May 31, 2018 and 2017

BOYS & GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.



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WEGMANN DAZET & COMPANY

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Boys & Girls Clubs of Southeast Louisiana, Inc.

We have audited the accompanying financial statements of Boys & Girls Clubs of Southeast Louisiana, Inc. (a nonprofit organization), which comprise the statements of financial position as of May 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys & Girls Clubs of Southeast Louisiana, Inc. as of May 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Summary of Compensation, Benefits and Other Payments to Agency Head 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 November 26, 2018 on our consideration of Boys & Girls Clubs of Southeast Louisiana, Inc. 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 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 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 Boys & Girls Clubs of Southeast Louisiana, Inc. internal control over financial reporting and compliance.

November 26, 2018

Wegman Daret & Company

BOYS & GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.
STATEMENTS OF FINANCIAL POSITION

May 31, 2018 and 2017

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 170,049	\$ 207,511
Accounts receivable	19,811	22,774
Prepaid expenses	36,867	36,500
Total current assets	<u>226,727</u>	<u>266,785</u>
Property and equipment, at cost less accumulated depreciation	<u>999,985</u>	<u>1,110,453</u>
Total assets	<u>\$ 1,226,712</u>	<u>\$ 1,377,238</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 29,745	\$ 21,534
Due to affiliate	10,405	21,722
Accrued payroll liabilities	39,264	37,169
Deferred revenue	105,544	126,071
Other current liabilities	17,083	18,757
Total current liabilities	<u>202,041</u>	<u>225,253</u>
NET ASSETS		
Net assets		
Unrestricted	968,210	1,145,985
Temporarily restricted	56,461	6,000
Total net assets	<u>1,024,671</u>	<u>1,151,985</u>
Total liabilities and net assets	<u>\$ 1,226,712</u>	<u>\$ 1,377,238</u>

See accompanying Notes to Financial Statements.

BOYS & GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.

STATEMENT OF ACTIVITIES

For the Year Ended May 31, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Contributions	\$ 472,177	\$ 30,000	\$ 502,177
Allocation from United Way	4,655	25,564	30,219
Membership dues	18,151	-	18,151
Program service fees	163,783	-	163,783
Grants and contracts	400,293	78,234	478,527
Other income	10,934	-	10,934
Net assets released from restrictions	83,337	(83,337)	-
	<u>1,153,330</u>	<u>50,461</u>	<u>1,203,791</u>
Expenses			
Program services			
Social development	992,912	-	992,912
Supporting services			
General and administrative	182,283	-	182,283
Fundraising	155,910	-	155,910
	<u>1,331,105</u>	<u>-</u>	<u>1,331,105</u>
Change in net assets	(177,775)	50,461	(127,314)
Net assets			
Beginning of year	<u>1,145,985</u>	<u>6,000</u>	<u>1,151,985</u>
End of year	<u>\$ 968,210</u>	<u>\$ 56,461</u>	<u>\$ 1,024,671</u>

See accompanying Notes to Financial Statements.

BOYS & GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.

STATEMENT OF ACTIVITIES

For the Year Ended May 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Contributions	\$ 377,855	\$ 8,850	\$ 386,705
Allocation from United Way	7,959	25,034	32,993
Membership dues	22,168	-	22,168
Program service fees	136,329	-	136,329
Grants and contracts	269,723	233,516	503,239
Other income	11,275	-	11,275
Net assets released from restrictions	317,343	(317,343)	-
Total revenue	<u>1,142,652</u>	<u>(49,943)</u>	<u>1,092,709</u>
Expenses			
Program services			
Social development	873,581	-	873,581
Supporting services			
General and administrative	308,986	-	308,986
Fundraising	39,749	-	39,749
Total expenses	<u>1,222,316</u>	<u>-</u>	<u>1,222,316</u>
Change in net assets	(79,664)	(49,943)	(129,607)
Net assets			
Beginning of year	<u>1,225,649</u>	<u>55,943</u>	<u>1,281,592</u>
End of year	<u>\$ 1,145,985</u>	<u>\$ 6,000</u>	<u>\$ 1,151,985</u>

See accompanying Notes to Financial Statements.

BOYS & GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended May 31, 2018

	Social Development	General and Administrative	Fundraising	Total Expenses
Auto expense	\$ 7,934	\$ 6,042	\$ -	\$ 13,976
Building maintenance	44,683	-	-	44,683
Depreciation	111,894	-	-	111,894
Dues and subscriptions	6,691	-	-	6,691
Employee benefits	13,655	22,168	-	35,823
Equipment repairs	1,992	2,733	-	4,725
Fundraising	-	-	84,710	84,710
Insurance	43,147	23,054	-	66,201
Other expense	364	10,923	-	11,287
Parking and tolls	2	31	-	33
Payroll taxes	38,199	15,738	-	53,937
Postage and delivery	264	646	-	910
Printing and reproduction	190	143	-	333
Professional fees	7,415	1,541	-	8,956
Program supplies	163,655	1,816	-	165,471
Rent expense	14,196	3,557	-	17,753
Salaries	429,734	69,222	71,200	570,156
Software	680	170	-	850
Technology expense	33,091	3,880	-	36,971
Telephone	6,325	7,101	-	13,426
Training and membership	2,933	13,469	-	16,402
Transportation	16,605	-	-	16,605
Utilities	49,263	49	-	49,312
Total expenses	\$ 992,912	\$ 182,283	\$ 155,910	\$ 1,331,105

See accompanying Notes to Financial Statements.

BOYS & GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended May 31, 2017

	Social Development	General and Administrative	Fundraising	Total Expenses
Auto expense	\$ 1,627	\$ 1,771	\$ -	\$ 3,398
Building maintenance	22,362	-	-	22,362
Depreciation	109,845	-	-	109,845
Dues and subscriptions	10,600	30	-	10,630
Employee benefits	27,789	17,952	-	45,741
Equipment repairs	1,826	522	-	2,348
Fundraising	-	-	39,749	39,749
Insurance	72,699	10,207	-	82,906
Other expense	23	11,733	-	11,756
Parking and tolls	34	71	-	105
Payroll taxes	34,629	15,303	-	49,932
Postage and delivery	250	663	-	913
Printing and reproduction	-	896	-	896
Professional fees	6,765	954	-	7,719
Program supplies	175,379	12,934	-	188,313
Rent expense	13,860	4,140	-	18,000
Salaries	295,994	214,714	-	510,708
Software	680	170	-	850
Technology expense	35,763	3,978	-	39,741
Telephone	4,997	7,097	-	12,094
Training and membership	3,943	5,851	-	9,794
Transportation	11,280	-	-	11,280
Utilities	43,236	-	-	43,236
Total expenses	\$ 873,581	\$ 308,986	\$ 39,749	\$ 1,222,316

See accompanying Notes to Financial Statements.

BOYS & GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.
STATEMENTS OF CASH FLOWS

For the Years Ended May 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ (127,314)	\$ (129,607)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	111,894	109,844
Decrease (Increase) in operating assets:		
Receivables	2,963	22,597
Prepaid expenses	(367)	(19,128)
Decrease (Increase) in operating liabilities:		
Accounts payable	8,211	(48,363)
Accrued payroll liabilities	2,095	(2,044)
Deferred revenue	(20,527)	23,546
Due to affiliate	(11,317)	(7,162)
Other current liabilities	(1,674)	18,757
Net cash used by operating activities	<u>(36,036)</u>	<u>(31,560)</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(1,426)</u>	<u>(56,209)</u>
Net cash used by investing activities	<u>(1,426)</u>	<u>(56,209)</u>
Net decrease in cash	(37,462)	(87,769)
Cash and cash equivalents at beginning of year	<u>207,511</u>	<u>295,280</u>
Cash and cash equivalents at end of year	<u>\$ 170,049</u>	<u>\$ 207,511</u>

See accompanying Notes to Financial Statements.

BOYS & GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2018 and 2017

1) Nature of activities

Boys & Girls Clubs of Southeast Louisiana, Inc. (the "Organization") is a non-profit organization established in 1965 to provide programs and services to enhance the development of boys and girls in Southeast Louisiana. The Clubs offer diversified program activities to instill character and leadership development, education and career development, health and life skills, the arts, sports, fitness, and recreation. Boys & Girls Clubs of Southeast Louisiana, Inc. is an affiliate member of the Boys & Girls Clubs of America.

2) Summary of significant accounting principles

Significant accounting policies are summarized below.

a) Financial statement presentation

The Organization's policy is to prepare its financial statements on the accrual basis of accounting, which recognizes all revenues and the related assets when earned and all expenses and the related obligations when incurred.

b) Cash and cash equivalents

All cash-related items having a maturity of three months or less from the original maturity date are classified as cash and cash equivalents.

c) Accounts receivable

The Organization writes off uncollectible accounts as they are identified. No amounts were written off in the years ended May 31, 2018 and 2017. No allowance for uncollectible accounts has been provided, as management has evaluated the accounts and believes they are all collectible.

d) 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 and expenses during the reporting period. Actual results could differ from those estimates.

e) Property and equipment

Property and equipment are carried at cost. Depreciation of property is provided over the estimated useful lives of the assets using the straight-line method. Repairs and maintenance are expensed as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the assets carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. The estimated useful lives of depreciable assets are:

	<u>Useful Lives</u>
Building	20 years
Building improvements	20 years
Pool	5 years
Equipment	3-10 years

f) Deferred revenue

Deferred revenue consists of advance payments of summer camp fees. Income is earned systematically when the camps take place.

BOYS & GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.
 NOTES TO FINANCIAL STATEMENTS
 For the Years Ended May 31, 2018 and 2017

2) Summary of significant accounting principles (continued)

g) Description of net assets classification

Financial Accounting Standards Board Accounting Standards Codification “ASC” 958, *Financial Statements for Not-for-Profit Centers*, requires the net assets and changes in net assets be reported for three classifications – permanently restricted, temporarily restricted and unrestricted based on the existence or absence of donor imposed restrictions.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to unrestricted net assets. Funds received with the stipulation that the funds be returned if specified future events fail to occur are accounted for as refundable advances until the conditions have been substantially met. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

h) Concentration of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Organization has not experienced any losses in such accounts. The Organization has no policy requiring collateral or other security to support its deposits.

i) Income taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code.

The Organization adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*, on January 1, 2009. Management of the Organization believes there are no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits. With few exceptions, the Organization is not subject to U.S. federal and state income tax examination by tax authorities beyond three years from the filing of those returns.

3) Property and equipment

Property and equipment is summarized as follows:

	<u>2018</u>	<u>2017</u>
Buildings and improvements	\$ 1,996,512	\$ 1,996,512
Equipment	639,869	638,443
Pool	320,000	320,000
Land	<u>92,360</u>	<u>92,360</u>
Total cost	3,048,741	3,047,315
Less accumulated depreciation	<u>2,048,756</u>	<u>1,936,862</u>
Property and equipment	<u>\$ 999,985</u>	<u>\$ 1,110,453</u>

For the years ended May 31, 2018 and 2017, depreciation expense totaled \$111,894 and \$109,845, respectively.

BOYS & GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2018 and 2017

4) Operating leases

The Organization leases space for its administration office. The lease expires January 31, 2019. The lease payments are \$1,600 per month. Future minimum lease payments under this agreement total \$12,800 for 2019.

5) Donated services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

No such contributions were recorded for the years ended May 31, 2018 and 2017.

6) Restrictions on net assets

Temporarily restricted net assets at May 31, 2018 and 2017 consisted of the following grants:

	<u>2018</u>	<u>2017</u>
Chevron Products Company	\$ 40,000	\$ -
Northshore Community Foundation	5,000	-
Slidell Rotary	880	-
RiteAid	5,000	-
Oscar J Tolmas Charitable Trust	380	-
Raymond James	5,201	6,000
Total	<u>\$ 56,461</u>	<u>\$ 6,000</u>

7) Federal financial assistance

In 2011 and 2015, the Organization was awarded a grant from the Office of Juvenile Justice and Delinquency Prevention, Office of Justice Programs to assist with the youth mentoring programs. The grant is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized when incurred. Any balances due from the grant at year end are included in Accounts Receivable. Grant activity for the years ended May 31, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Grant receipts	\$ 35,609	\$ 8,934
Grant expenditures	<u>50,178</u>	<u>24,370</u>
Due from grant at end of year	<u>\$ 14,569</u>	<u>\$ 15,436</u>

8) Due to affiliate

At May 31, 2018 and 2017, the Organization had \$10,405 and \$21,722, respectively, of expenses payable to the Boys and Girls Club of America. The Organization incurred total annual dues, pension, and other expenses from the Boys and Girls Club of America in the amounts of \$18,752 and \$30,709 for the years ended May 31, 2018 and 2017, respectively.

BOYS & GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended May 31, 2018 and 2017

9) Subsequent events

The Organization has evaluated subsequent events through the date of the auditors' report, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.



WEGMANN DAZET & COMPANY

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

To the Board of Directors of
Boys & Girls Clubs of Southeast Louisiana, Inc.
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Boys & Girls Clubs of Southeast Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 26, 2018

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boys & Girls Clubs of Southeast 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 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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boys & Girls Clubs of Southeast Louisiana, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other 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 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

November 26, 2018
Metairie, Louisiana

Wegmann Paret & Company

BOYS & GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.
SUMMARY OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD
For the Year Ended May 31, 2018

SUMMARY OF COMPENSATION

- None of the agency head's compensation was derived from state and/or local assistance