

BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
Baton Rouge, Louisiana

AUDITED FINANCIAL STATEMENTS and SUPPLEMENTARY INFORMATION
December 31, 2017



TWRU
CPAs & Financial Advisors

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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of
Boys & Girls Club of Greater Baton Rouge, Inc.
8281 Goodwood Boulevard, Suite A
Baton Rouge, Louisiana 70806

Report on the Financial Statements

We have audited the accompanying financial statements of Boys & Girls Club of Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 Boys & Girls Club of Greater Baton Rouge, Inc. as of December 31, 2017, 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.

Prior Period Adjustment

As described in Note 16 to the financial statements, certain errors and omissions in the December 31, 2016 financial statements occurred that resulted in an understatement of previously reported temporarily restricted net assets and unrestricted – undesignated net assets. Our opinion is not modified with respect to that matter.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplementary information required by the Louisiana Legislative Auditor 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 relate directly to the underlying accounting and other records used to prepare the basic 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 June 28, 2018, on our consideration of Boys & Girls Club of Greater Baton Rouge, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Boys & Girls Club of Greater Baton Rouge, Inc.'s internal control over financial reporting and compliance.

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CPAs & Financial Advisors
Baton Rouge, Louisiana
June 28, 2018

BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
STATEMENT OF FINANCIAL POSITION
(See Accompanying Notes and Independent Auditors' Report)
December 31, 2017

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	87,672
Cash and Cash Equivalents - Restricted to Capital Campaign, Current Portion		51,686
Grants Receivable		107,643
Pledges Receivable, Current Portion, Net of Discount of \$23,227		203,274
Prepaid Expenses		16,030
Due from Other Clubs		3,116
		3,116

TOTAL CURRENT ASSETS 469,421

PROPERTY AND EQUIPMENT

Equipment		191,065
Less: Accumulated Depreciation		(190,921)
		144

NET PROPERTY AND EQUIPMENT 144

OTHER ASSETS

Cash and Cash Equivalents - Restricted to Capital Campaign, Net of Current Portion		115,766
Security Deposits		3,730
Pledges Receivable, Net of Current Portion and Net of Discount of \$63,521		520,811
Investments		140,019
		780,326

TOTAL OTHER ASSETS 780,326

TOTAL ASSETS \$ 1,249,891

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	25,807
EBR Transportation Payable		34,803
Due to Other Clubs		21,811
Accrued Dues		5,000
Custodial Liability		5,305
Deferred Revenues		76,236
		168,962

TOTAL CURRENT LIABILITIES 168,962

NET ASSETS

Unrestricted		
Undesignated Deficit		(70,102)
Designated		140,019
		69,917

Total Unrestricted 69,917

Temporarily Restricted 1,011,012

TOTAL NET ASSETS 1,080,929

TOTAL LIABILITIES AND NET ASSETS \$ 1,249,891



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BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
STATEMENT OF ACTIVITIES
(See Accompanying Notes and Independent Auditors' Report)
For the Year Ended December 31, 2017

	Unrestricted		Temporarily Restricted	Total	
	Undesignated	Board- Designated			
REVENUE, GAINS, and OTHER SUPPORT					
Private Grant and Contribution Revenue	\$ 201,428	\$ -	\$ 201,428	\$ 1,167,794	\$ 1,369,222
Government Grant Revenue	-	-	-	222,789	222,789
Program Service Fees	308,700	-	308,700	-	308,700
Special Event Revenue	185,050	-	185,050	-	185,050
Other Revenue	12,444	-	12,444	-	12,444
Interest and Dividend Revenue	-	3,112	3,112	-	3,112
Unrealized Gains, Net of Expenses	-	9,988	9,988	-	9,988
TOTAL SUPPORT AND OTHER GAINS	707,622	13,100	720,722	1,390,583	2,111,305
NET ASSETS RELEASED FROM RESTRICTIONS					
Restrictions Satisfied by Payments	310,758	-	310,758	(310,758)	-
Restrictions Satisfied by Time	170,000	-	170,000	(170,000)	-
TOTAL RECLASSIFICATIONS	480,758	-	480,758	(480,758)	-
TOTAL SUPPORT, OTHER GAINS AND RECLASSIFICATIONS	1,188,380	13,100	1,201,480	909,825	2,111,305
EXPENSES					
Program Services	1,135,380	-	1,135,380	-	1,135,380
Management and General	117,324	-	117,324	-	117,324
Fundraising	240,228	-	240,228	-	240,228
TOTAL EXPENSES	1,492,932	-	1,492,932	-	1,492,932
CHANGE IN NET ASSETS	(304,552)	13,100	(291,452)	909,825	618,373
NET ASSETS, BEGINNING OF YEAR	214,631	126,919	341,550	85,000	426,550
PRIOR PERIOD ADJUSTMENTS	19,819	-	19,819	16,187	36,006
NET ASSETS, END OF YEAR	\$ (70,102)	\$ 140,019	\$ 69,917	\$ 1,011,012	\$ 1,080,929



BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 (See Accompanying Notes and Independent Auditors' Report)
 For the Year Ended December 31, 2017

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 649,712	\$ 44,475	\$ 78,110	\$ 772,297
Employee Benefits	84,418	17,762	17,762	119,942
Payroll Taxes	49,782	3,402	5,975	59,159
Professional Fees	36,631	2,035	2,035	40,701
Program Expenses	96,098	-	-	96,098
Conferences	10,641	12,757	-	23,398
Travel	4,021	877	-	4,898
Insurance	16,262	904	904	18,070
Rent	53,749	2,986	2,986	59,721
Telephone	19,886	1,105	1,105	22,096
Bank Charges	7,832	435	435	8,702
Memberships	7,149	6,962	-	14,111
Office and Supplies	62,774	9,198	893	72,865
Printing and Postage	30,483	14,095	-	44,578
Fundraising	-	-	129,692	129,692
Depreciation	310	17	17	344
Interest expense	512	29	29	570
Other Expenses	5,120	285	285	5,690
TOTAL FUNCTIONAL EXPENSES	\$ 1,135,380	\$ 117,324	\$ 240,228	\$ 1,492,932

BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
STATEMENT OF CASH FLOWS
(See Accompanying Notes and Independent Auditors' Report)
For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from (Paid for):

Granting Sources	\$ 564,815
Donors	102,813
Program Services	328,546
Fundraising	189,050
Other Revenues	12,444
Interest Income	3,112
Program and Supporting Expenses	(246,358)
Employees and Related Benefits	(952,567)
Fundraising Efforts	<u>(240,228)</u>

NET CASH USED IN OPERATING ACTIVITIES (238,373)

CASH FLOWS FROM INVESTING ACTIVITIES

Earnings Reinvested	<u>(3,112)</u>
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NET CASH USED IN INVESTING ACTIVITIES (3,112)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Contributions Restricted for Investment in Property	<u>339,167</u>
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NET CASH USED IN FINANCING ACTIVITIES 339,167

INCREASE IN CASH AND CASH EQUIVALENTS 97,682

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 157,442

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 255,124

RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH USED IN OPERATING ACTIVITIES

Change in Net Assets	\$ 618,373
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:	
Depreciation	344
Contributions Restricted for Long-Term Purposes	(329,167)
Discount on Pledges Receivable	84,324
Unrealized Gain on Investments	(9,988)
(Increase) Decrease in Assets:	
Grants, Sponsorships, and Other Receivables	55,045
Pledges Receivable	(733,371)
Prepaid Expenses	7,256
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Liabilities	29,211
Payroll Liabilities	(1,169)
Other Payables	21,811
Custodial Liabilities	(888)
Deferred Revenues	19,846
	<u>19,846</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (238,373)</u>
Cash and Cash Equivalents	\$ 87,672
Cash and Cash Equivalents - Restricted to Capital Campaign, Current Portion	51,686
Cash and Cash Equivalents - Restricted to Capital Campaign, Net of Current Portion	<u>115,766</u>
Total Cash and Cash Equivalents	<u>\$ 255,124</u>



BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – The Boys & Girls Club of Greater Baton Rouge, Inc. (the Club) was incorporated on March 5, 1991, with offices in Baton Rouge, Louisiana. It is a non-profit organization under Section 501 (c) (3) of the Internal Revenue Code. The purpose of the Club is to promote the health, social, educational, vocational and character development of boys and girls in the Baton Rouge area.

Basis of Accounting – The financial statements of the Club have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – The Club reports information regarding its financial position and activities according to three classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Club, the environment in which it operations, the purposes specified in corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Club's unspent contributions are reported in this class if the donor limited their use, as are promised contributions that are not yet due. The unspent appreciation of the Club's donor-restricted endowment funds is also reported as temporarily restricted net assets. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets.

Permanently restricted assets are resources whose use is limited to donor-imposed restrictions that neither expire by being used in accordance with donor's restriction nor by the passage of time. The portion of the Club's donor-restricted endowment funds that the Club is committed to maintaining in perpetuity are classified in this net asset class, as is the Club's beneficial interest in a perpetual charitable trust held by a bank as trustee.

The Club does not have any permanently restricted net assets as of December 31, 2017.

Revenue Recognition – Contributions received, including unconditional promises to give, are recorded as revenue when assets or donor's unconditional commitment is received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions are considered increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and nature of any donor restrictions.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as temporarily restricted net assets if the donor has restricted the use of the property or equipment to a particular program. If donors specify a length of time over which the property or equipment must be used, the restrictions expire evenly over the required period. Absent that type of restriction for use, the Club considers the restriction met when the assets are placed in service.

The Club reports grants, programs and other revenue sources on the accrual basis of accounting. If a donor restriction applies, the amount is shown as temporarily restricted net assets. When the donor restriction expires, that is, when the stipulated restriction ends by payments or the passage of time, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted reimbursements whose restrictions are met in the same reporting period are typically reported as unrestricted support.



BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Club considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of cash in demand deposits and money market accounts.

Grant and Sponsorship Receivables – Grants receivable are stated at net realizable value. The Club maintains allowances for doubtful accounts for estimated losses resulting from the inability of its grantors to make required payments. Because collection is expected at 100%, an allowance for doubtful accounts has not been estimated in the current year.

Pledges Receivables – Pledges are recorded at their net realizable value. The Club uses the allowance method to determine uncollectible pledges. The allowance is based on management's analysis of specific balances. Because collection is expected at 100%, an allowance for doubtful accounts has not been estimated in the current year.

Promises to Give – Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Property and Equipment – Property and equipment purchased by the Club is recorded at cost at the date of acquisition. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Equipment with an original cost of \$2,000 or greater is generally capitalized. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Investments – Investments are carried at fair value, with changes in fair value being recorded as unrealized gains (losses). Dividend, interest and other investment income, including realized and unrealized gains (losses), are recorded as increases or decreases in either unrestricted, temporarily or permanently restricted net assets depending on donor.

Prepaid Expenses – Prepaid expenses represent insurance, facility fees, and employee benefit payments made in 2017 that extend beyond year end have been recorded in the accompanying statement of financial position as prepaid expenses.

Deferred Revenue – Income for the 2018 Youth Legislation Program and the Great Futures Gala was paid in advance and is deferred. This revenue will be recognized in 2018, the period to which the program revenue relates.

Compensated Absences – Employee's compensated absences are not accrued as of December 31, 2017, because no reasonable estimate of the amount can be made.

Designation of Unrestricted Net Assets – The Club's board voted to set aside the funds invested in BRAF as a board-designated quasi-endowment fund for the benefit of the continuity of the Club's operations.

Advertising Expense – Advertising costs are expenses as incurred. The Club paid \$803 for advertising and received a donation for \$2,000 in advertising services for the year ended December 31, 2017.



BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocation – The costs of providing the program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated between the program, supporting services, and fundraising expenses benefited.

Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Donated Services – The value of personal services provided to the Club have not been recorded in the accompanying financial statement as they do not meet the criteria for recognition, i.e. payments to individuals possessing a required specialized skill. These type services are typically paid by the Club. Volunteers provide other needed services, but their time was not computed for reporting purposes. During 2017, a local advertising firm provided \$2,000 of advertising services in a trade for sponsorship recognition at a special event. This amount was included in special event revenue and program services.

Income Taxes – The Club is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Club's tax-exempt purpose is subject to taxation as unrelated business taxable income (UBIT). In addition, the Club qualifies for the charitable deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Club may recognize the tax benefit from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Club and various positions related to the potential sources of UBIT. The Club has analyzed its tax position taken for filings with the Internal Revenues Services since 2014. The Club believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Club's financial condition, results of operations, or cash flows.

NOTE 2: CASH AND CASH EQUIVALENTS AND CASH FLOW INFORMATION

Cash and cash equivalents consist of the following:

Petty Cash	\$ 375
Demand Deposits	148,046
Money Market Savings	<u>106,703</u>
Total Cash and Cash Equivalents	<u>\$ 255,124</u>

NOTE 3: RECEIVABLES

Receivables are stated at the amount the Club expects to collect. Management considers all receivables to be collectible at December 31, 2017. Receivables at year-end consist of the following:

United Way	\$ 85,000
Governmental Grantors	<u>22,643</u>
Total Grant Receivables	<u>\$ 107,643</u>

BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 4: PLEDGES RECEIVABLE

Pledges receivable are unconditional promises to pay certain amounts in the future. Management evaluates the collectability of its receivables and records an allowance for estimated uncollectible amounts. Because collection is expected at 100%, an allowance for doubtful accounts has not been estimated in the current year. Pledges due beyond one year have been discounted at an annual rate of 5%.

Unconditional promises to give at December 31, 2017, consist of the following:

Capital Campaign	<u>\$ 810,833</u>
Receivable in less than one year	\$ 226,501
Receivable in one to five years	<u>584,332</u>
Total Unconditional Promises to Give	810,833
Less Discounts to Net Present Value	(86,748)
Less Allowance for Uncollectible Pledges Receivable	<u>-</u>
Pledges Receivable, Net of Discount	<u>\$ 724,085</u>

Conditional promises to give at December 31, 2017, consist of promises to:

Fund the Capital Campaign	<u>\$ 200,000</u>
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NOTE 5: PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at year-end:

Equipment	\$ 191,065
Less: Accumulated Depreciation	<u>(190,921)</u>
Net Property and Equipment	<u>\$ 144</u>

Depreciation expense was \$344 for the year ending December 31, 2017.

NOTE 6: SECURITY DEPOSITS

Included in security deposits is \$3,730 paid for a refundable deposit on office space that houses the administrative staff. The deposit of \$4,000 for a consulting contract beginning August 2015 was moved to prepaid expenses because the contract was cancelled in 2018 and is a current asset as of December 31, 2017.

NOTE 7: INVESTMENTS

The Club carries its investments at fair value. At December 31, 2017, such investments consisted of the following:

Baton Rouge Area Foundation	<u>\$ 140,019</u>
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BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 7: INVESTMENTS (CONTINUED)

The following is a schedule of changes in the Club’s investment:

Balance, Beginning of Year	\$ 126,919
Interest and Dividends	3,112
Unrealized Gains	11,200
Investment Expenses	<u>(1,212)</u>
Balance, End of Year	<u>\$ 140,019</u>

This amount represents the Club’s proportionate share of an underlying interest in a diverse portfolio of marketable securities and other investment vehicles held at the Baton Rouge Area Foundation (BRAAF) including real estate, stocks and bonds and investments in Louisiana venture capital funds – 94% or \$131,618 in an investment pool and 6% or \$8,401 in venture capital. The investments are in pooled accounts.

NOTE 8: DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Accounting Standards Board Accounting Standards (ASC) provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted priced for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2—Inputs are based upon quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of assets or liabilities.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value.

Pooled funds: Valued at the net asset value (NAV) of units held by the Club at year end.

The preceding methods described may produce fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation’s management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Club’s assets at fair value as of December 31, 2017.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Pooled Funds held by Baton Rouge Area Foundation	\$ -	\$140,019	\$ -
Total	<u>\$ -</u>	<u>\$140,019</u>	<u>\$ -</u>



BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 9: LEASES

Operating Leases – The Club leases office space under an agreement classified as an operating lease. The original lease was renewed most recently in April 2017 for an additional 5 years at \$4,891 per month.

The Club leases space for program activities on an annual basis and may be renewed up to five years. The Club pays \$1,200 per quarter.

Beginning March 21, 2013, the Club leased a copier for \$138 a month for 60 months. The lease expires March 21, 2018.

Beginning June 10, 2014, the Club leased a copier for \$627 a month for 60 months. The lease expires June 10, 2019.

Beginning January 23, 2018, the Club leased a copier for \$1,334 a month for 63 months. The lease expires April 23, 2023.

Future rental payments are as follows:

Year Ending December 31,	
2018	\$ 87,440
2019	78,463
2020	35,573
2021	16,008
2022	16,008
Thereafter	<u>4,002</u>
Total future rental payments	<u>\$ 237,494</u>

Total facility rent expense paid during 2017 was \$59,549. Total equipment rent expense paid during 2017 was \$9,183.

NOTE 10: REVOLVING LINE OF CREDIT

The Club has a \$50,000 revolving line of credit, of which \$50,000 was unused at December 31, 2017. Maturity of the line of credit is February 24, 2018 and carries an interest rate of 11.40% over The Wall Street Journal Prime. The credit line is unsecured.

NOTE 11: RESTRICTIONS/DESIGNATIONS ON NET ASSETS

The Club's board of directors has chosen to place the following limitations on unrestricted net assets:

Designated net assets included the following at December 31, 2017:

Designated for Continuity of Operations	\$ 140,019
Undesignated – deficit	<u>(70,102)</u>
Unrestricted Net Assets	<u>\$ 69,917</u>

The board designated certain funds for the purpose of ensuring perpetual operations of the Club. These funds are held at the Baton Rouge Area Foundation.

BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 11: RESTRICTIONS/DESIGNATIONS ON NET ASSETS (CONTINUED)

Temporarily restricted net assets are available for the following purposes or periods:

For Subsequent Year Program Activities	\$ 85,000
For Capital Campaign Expenses and Construction of New Building	<u>926,012</u>
Temporarily Restricted Net Assets	<u>\$ 1,011,012</u>

Changes in temporarily restricted net assets consist of the following for the year ended December 31, 2017:

	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
United Way Grant	\$ 85,000	\$ 170,000	\$ (170,000)	\$ 85,000
Other United Way Contributions	-	15,507	(15,507)	-
Government Grants	-	222,789	(222,789)	-
Capital Campaign	<u>16,187</u>	<u>982,287</u>	<u>(72,462)</u>	<u>926,012</u>
	<u>\$ 101,187</u>	<u>\$ 1,390,583</u>	<u>\$ (480,758)</u>	<u>\$ 1,011,012</u>

NOTE 12: EMPLOYEE BENEFIT PLANS

The Club participates in an insured, non-contributory defined contribution plan sponsored by the Boys and Girl Clubs of America. The plan covers substantially all employees with over 1,000 hours of service. The amounts charged to retirement benefits was \$30,688.

The Club also sponsors a 403(b) plan whereby an employee may choose to reduce their taxable compensation and have this amount contributed to the Plan on their behalf. Employees are eligible to participate upon completion of 1,000 hours of service. The Club has the option to match the employee's contribution. No match was paid during the year.

NOTE 13: CONCENTRATIONS

Revenue – During 2017, the Club received approximately 11% of its revenue from government grants, 65% of its revenue from other grants and contributions, and 15% of its revenue from program service fees. During 2017, the Club's capital campaign revenue, which is included in temporarily restricted private grant and contribution revenue, generated 47% of total revenue from 10 donors.

Credit Risk

Cash Deposits – The Club maintains its cash balances in one financial institution located in Baton Rouge, Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2017, the Club's uninsured cash balances total \$14,653.

Pledge Receivables – As of December 31, 2017, 100% of the Club's pledges receivable, net of discount, of \$724,085 is due from nine donors.

BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 14: RELATED PARTY TRANSACTIONS

The Club is affiliated with the national organization – Boys and Girls Clubs of America (BGCA). Dues paid to this affiliate during the year totaled \$7,149.

The Club is affiliated with the state organization – Louisiana Alliance of Boys and Girls Club. Dues paid to this affiliate during the year totaled \$0 for 2017. As of December 31, 2017, the Club owed \$9,596 for these dues, which includes \$5,000 of accrued dues for 2016 and \$4,596 in accounts payable for 2017 dues.

BGCA participates in a federally-funded youth mentoring program through the Office of Justice Programs, U.S. Department of Justice. It in turn provides funding to its member clubs to administer this program throughout the country. The Club recorded \$30,000 in revenue from its affiliate during the year for this program. As of December 31, 2017, the Club has a receivable recorded for \$1,818 from the affiliate for the federal program.

BGCA acts as an agent for many of their member clubs to administer various grants. The Club recorded \$53,764 in nongovernment grant revenue passed through BGCA during the year ended December 31, 2017.

The Club pays BGCA for various employee benefit plans. During the year ended December 31, 2017, the Club paid its affiliate \$14,600 and \$88,680 for pension plan contributions and employee non-pension benefits, respectively. As of December 31, 2017, included in accounts payable is \$14,881 for the third and fourth quarter 2017 employee pension plan contributions. As of December 31, 2017, the Club has a prepaid of \$7,250 for January 2018 employee non-pension benefits.

NOTE 15: NONCASH INVESTING AND FINANCING ACTIVITIES AND CASH FLOW INFORMATION

The Club had noncash investing transactions relating to unrealized gains on investments of \$11,200 in 2017. Interest paid was \$570.

NOTE 16: PRIOR PERIOD ADJUSTMENTS

Certain errors resulting in an understatement of previously reported pledge receivables and temporarily restricted contributions were discovered during the year. Accordingly, an adjustment of \$42,866 was made during 2017 to increase receivables. A corresponding entry was made to increase previously reported temporarily restricted net assets and unrestricted – undesignated net assets.

An omission of an expense resulting in an understatement of previously reported accounts payable and fundraising expenses were discovered during the year. Accordingly, an adjustment of \$6,860 was made during 2017 to increase payables. A corresponding entry was made to decrease previously reported unrestricted net assets.

NOTE 17: SUBSEQUENT EVENTS

There were no subsequent events between the close of the fiscal year and June 28, 2018, the date on which the financial statements were available to be issued, that would materially impact the accompanying financial statements.



SUPPLEMENTARY INFORMATION



TWRU
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BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
SCHEDULE OF COMPENSATION, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
SEE INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2017

Agency Head

Pat R. Van Burkleo

President

No executive compensation or benefits were paid by government funds.





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 Governors of
Boys & Girls Club of Greater Baton Rouge, Inc.
8281 Goodwood Boulevard, Suite A
Baton Rouge, Louisiana 70806

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 Club of Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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 June 28, 2018.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Boys & Girls Club of Greater Baton Rouge, 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 Boys & Girls Club of Greater Baton Rouge, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Boys & Girls Club of Greater Baton Rouge, 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 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 the 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 Club of Greater Baton Rouge, 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 Club'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 Club's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, others within the agency, the Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A large, handwritten signature in dark ink that reads "TWRU". The letters are bold and slightly irregular, with some overlapping strokes.

CPAs & Financial Advisors
Baton Rouge, Louisiana
June 28, 2018



TWRU

CPAs & Financial Advisors

BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS
For the Year Ended December 31, 2017

I. Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? No
- Noncompliance material to financial statements noted? No

II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None Reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2017

None Reported.