

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

FINANCIAL STATEMENTS
AND
REPORT TO BOARD

May 31, 2021 and 2020



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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Boys & Girls Clubs of Southeast Louisiana, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys & Girls Clubs of Southeast Louisiana, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the

override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Boys & Girls Clubs of Southeast Louisiana, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boys & Girls Clubs of Southeast Louisiana, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Supplementary Information

Our audits were 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 Heads 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 March 30, 2022 on our consideration of Boys & Girls Clubs of Southeast Louisiana, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.'s internal control over financial reporting and compliance.

Metairie, Louisiana
March 30, 2022

Wegmann Bazet, A.P.C.

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

May 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 521,491	\$ 74,225
Accounts receivable	54,965	21,357
Prepaid expenses	7,666	33,999
Total current assets	<u>584,122</u>	<u>129,581</u>
Property and equipment, at cost less accumulated depreciation	<u>782,893</u>	<u>885,785</u>
Total assets	<u><u>\$ 1,367,015</u></u>	<u><u>\$ 1,015,366</u></u>
LIABILITIES		
Current liabilities		
Line of credit	\$ -	\$ 189,232
Accounts payable	148,728	26,746
Due to affiliate	-	6,828
Accrued payroll liabilities	-	11,201
Deferred revenue	34,371	800
Other current liabilities	-	57,529
Total current liabilities	<u>183,099</u>	<u>292,336</u>
Total liabilities	<u>183,099</u>	<u>292,336</u>
NET ASSETS		
Net assets		
Without donor restrictions	929,294	698,814
With donor restrictions	254,622	24,216
Total net assets	<u>1,183,916</u>	<u>723,030</u>
Total liabilities and net assets	<u><u>\$ 1,367,015</u></u>	<u><u>\$ 1,015,366</u></u>

See accompanying Notes to Financial Statements.

BOYS & GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.

STATEMENT OF ACTIVITIES

For the Year Ended May 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions	\$ 616,380	\$ -	\$ 616,380
Allocation from United Way	40,832	-	40,832
Membership dues	8,252	-	8,252
Program service fees	330	-	330
Grants and contracts	271,873	401,025	672,898
Other income	6,342	-	6,342
Net assets released from restrictions	170,619	(170,619)	-
Total revenue	<u>1,114,628</u>	<u>230,406</u>	<u>1,345,034</u>
Expenses			
Program services			
Social development	459,594	-	459,594
Supporting services			
General and administrative	364,401	-	364,401
Fundraising	60,153	-	60,153
Total expenses	<u>884,148</u>	<u>-</u>	<u>884,148</u>
Change in net assets	230,480	230,406	460,886
Net assets			
Beginning of year	<u>698,814</u>	<u>24,216</u>	<u>723,030</u>
End of year	<u>\$ 929,294</u>	<u>\$ 254,622</u>	<u>\$ 1,183,916</u>

See accompanying Notes to Financial Statements.

BOYS & GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.

STATEMENT OF ACTIVITIES

For the Year Ended May 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	\$ 362,607	\$ 8,130	\$ 370,737
Allocation from United Way	11,067	37,083	48,150
Membership dues	17,704	-	17,704
Program service fees	139,971	-	139,971
Grants and contracts	281,156	286,869	568,025
Other income	10,587	-	10,587
Net assets released from restrictions	355,732	(355,732)	-
Total revenue	<u>1,178,824</u>	<u>(23,650)</u>	<u>1,155,174</u>
Expenses			
Program services			
Social development	914,780	-	914,780
Supporting services			
General and administrative	300,400	-	300,400
Fundraising	86,684	-	86,684
Total expenses	<u>1,301,864</u>	<u>-</u>	<u>1,301,864</u>
Change in net assets	(123,040)	(23,650)	(146,690)
Net assets			
Beginning of year	<u>821,854</u>	<u>47,866</u>	<u>869,720</u>
End of year	<u>\$ 698,814</u>	<u>\$ 24,216</u>	<u>\$ 723,030</u>

See accompanying Notes to Financial Statements.

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

For the Year Ended May 31, 2021

	Program Services	Supporting Services		Total Expenses
	Social Development	General and Administrative	Fundraising	
Auto expense	\$ 206	\$ 81	\$ -	\$ 287
Building maintenance	12,864	6,223	-	19,087
Depreciation	107,448	-	-	107,448
Dues and subscriptions	5,169	1,753	-	6,922
Employee benefits	14,315	(802)	-	13,513
Equipment repairs	1,586	868	-	2,454
Fundraising	-	-	14,889	14,889
Insurance	40,247	14,467	-	54,714
Interest expense	-	3,665	-	3,665
Legal fees	156	-	-	156
Management fee	-	134,788	-	134,788
Other expense	10	1,297	-	1,307
Payroll taxes	15,858	7,904	-	23,762
Postage and delivery	-	80	-	80
Printing and reproduction	-	800	-	800
Professional fees	883	63,787	-	64,670
Program supplies	11,224	5,582	-	16,806
Rent expense	-	17,477	-	17,477
Salaries	193,111	95,313	45,264	333,688
Software	650	1,238	-	1,888
Technology expense	16,117	6,649	-	22,766
Telephone	2,526	812	-	3,338
Training and membership	218	210	-	428
Transportation	13,000	-	-	13,000
Travel	-	1,916	-	1,916
Utilities	24,006	293	-	24,299
Total expenses	\$ 459,594	\$ 364,401	\$ 60,153	\$ 884,148

See accompanying Notes to Financial Statements.

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

For the Year Ended May 31, 2020

	Program Services	Supporting Services		Total Expenses
	Social Development	General and Administrative	Fundraising	
Auto expense	\$ 5,470	\$ 4,412	\$ -	\$ 9,882
Building maintenance	36,100	-	-	36,100
Depreciation	111,983	-	-	111,983
Dues and subscriptions	3,990	2,838	-	6,828
Employee benefits	21,037	19,073	-	40,110
Equipment repairs	2,751	1,083	-	3,834
Fundraising	-	-	8,684	8,684
Insurance	61,414	13,334	-	74,748
Interest expense	6,543	(9)	-	6,534
Other expense	305	6,072	-	6,377
Parking and tolls	3	38	-	41
Payroll taxes	30,340	18,954	-	49,294
Postage and delivery	28	671	-	699
Printing and reproduction	95	1,613	-	1,708
Professional fees	26,675	85,694	-	112,369
Program supplies	109,746	3,196	-	112,942
Rent expense	-	20,392	-	20,392
Salaries	382,469	107,907	78,000	568,376
Software	950	-	-	950
Technology expense	24,541	6,129	-	30,670
Telephone	6,265	1,019	-	7,284
Training and membership	2,647	2,288	-	4,935
Transportation	21,485	-	-	21,485
Travel	-	5,696	-	5,696
Utilities	59,943	-	-	59,943
Total expenses	\$ 914,780	\$ 300,400	\$ 86,684	\$ 1,301,864

See accompanying Notes to Financial Statements.

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

For the Years Ended May 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 460,886	\$ (146,690)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	107,448	111,983
(Increase) Decrease in operating assets:		
Accounts receivable	(33,608)	59,653
Prepaid expenses	26,333	7,093
Increase (Decrease) in operating liabilities:		
Accounts payable	121,982	(6,290)
Accrued payroll liabilities	(11,201)	(24,186)
Deferred revenue	33,571	(126,557)
Due to affiliate	(6,828)	272
Other current liabilities	(57,529)	40,561
Net cash provided (used) by operating activities	<u>641,054</u>	<u>(84,161)</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(4,556)</u>	<u>(12,311)</u>
Net cash used by investing activities	<u>(4,556)</u>	<u>(12,311)</u>
Cash flows from financing activities:		
Borrowings under line of credit	-	142,000
Repayments of line of credit	<u>(189,232)</u>	<u>(613)</u>
Net cash (used) provided by financing activities	<u>(189,232)</u>	<u>141,387</u>
Net increase in cash	447,266	44,915
Cash and cash equivalents at beginning of year	<u>74,225</u>	<u>29,310</u>
Cash and cash equivalents at end of year	<u>\$ 521,491</u>	<u>\$ 74,225</u>

See accompanying Notes to Financial Statements.

BOYS & GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2021 and 2020

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, 2021 and 2020. 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) 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.

f) Description of net assets classification

Financial Accounting Standards Board (FASB) Accounting Standards Codification “ASC” 958, Not-for-Profit Entities, requires the net assets and changes in net assets be reported for two classifications – with donor restrictions and without donor restrictions 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.

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

For the Years Ended May 31, 2021 and 2020

2) Summary of significant accounting principles (continued)

g) 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

h) Donated assets

Noncash donations are recognized at their estimated fair values at the date of donation.

i) Deferred revenue

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

j) 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.

k) Functional allocation of expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities and other changes in net assets. Accordingly, certain costs have been allocated among programs and supporting services benefited.

l) New accounting pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the statements of financial position as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2021. Management is currently assessing the impact of this pronouncement on its financial statements.

In September 2020, the FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets. This accounting standard improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. The standard is effective for annual periods beginning after December 15, 2021. Management is currently assessing the impact of this pronouncement on its financial statements.

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

For the Years Ended May 31, 2021 and 2020

3) Property and equipment

Property and equipment is summarized as follows:

	<u>2021</u>	<u>2020</u>
Buildings and improvements	\$ 2,050,467	\$ 2,050,467
Equipment	658,118	653,562
Pool	-	320,000
Land	132,330	132,330
Total costs	2,840,915	3,156,359
Less accumulated depreciation	2,058,022	2,270,574
Property and equipment, net	\$ 782,893	\$ 885,785

4) Related party transactions

The Organization leases space for its administration office, of which the building is owned by a family member of the associations former Interim CEO. The lease expired on January 31, 2020, however, the Organization continued to lease the office space on a month-to-month basis.

In 2021, the Organization incurred management fees payable to Boys and Girls Club of Metro Louisiana, Inc. in the amount of \$134,788. The fees payable is included in accounts payable on the statement of financial position as of May 31, 2021.

5) Due to affiliate

At May 31, 2021 and 2020, the Organization had \$-0- and \$6,828, 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 \$6,892 and \$25,191 for the years ended May 31, 2021 and 2020, respectively.

6) Federal financial assistance

In 2021 and 2020, 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, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Grant receipts	\$ 23,385	\$ 34,424
Grant expenditures	32,846	50,316
Due from grant at end of year	\$ 9,461	\$ 15,892

7) Accrued paid time off

The Organization's paid time off (PTO) policy allows employees to roll over unused PTO hours at the end of the fiscal year. As of May 31, 2020, employees can only accrue up to 40 hours of PTO and lose the ability to accrue more if the maximum accrual is reached. The liability for unused accrued PTO was \$-0- and \$1,601 at May 31, 2021 and 2020, respectively.

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

For the Years Ended May 31, 2021 and 2020

8) Net assets with donor restrictions

Net assets with donor purpose restrictions at May 31, 2021 and 2020 consisted of the following grants:

	<u>2021</u>	<u>2020</u>
Boys & Girls Club of America	\$ 254,622	\$ 5,000
Northshore Community Foundation	-	6,086
State of Louisiana	-	5,000
Gretchen Armbruster	-	8,130
Total	<u>\$ 254,622</u>	<u>\$ 24,216</u>

9) Line of credit

The Organization has an unsecured, revolving line of credit with a bank of \$200,000 which expired on May 31, 2021. The interest rate on the note was variable based on the changes in the Wall Street Journal Prime Index. The outstanding balances on the line of credit was \$-0- and \$189,232 as of May 31, 2021 and 2020, respectively.

10) Coronavirus (COVID-19)

The COVID-19 pandemic has impacted and could further impact the Organization's operations and the operations of the Organization's suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Organization's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Organization's customers, suppliers, and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. Even after the COVID-19 pandemic has subsided, the Organization may continue to experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Organization cannot reasonably estimate the impact at this time.

11) Paycheck protection program

In April 2020, the Organization entered into an unsecured loan agreement for \$131,369 with a bank pursuant to the Paycheck Protection Program ("PPP"). The PPP loan is guaranteed by the Small Business Administration and is part of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The loan matures in two years and bears interest at a fixed rate of 1.0% per year. Principal and interest payments are deferred for six months from the date of issuance and will commence monthly thereafter. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of loans granted under the program. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for payroll, mortgage interest, rent or utility costs and the maintenance of employee staffing and compensation levels. During 2020, the Organization utilized \$97,106 of the PPP funds received on qualifying expenses and the remaining portion of \$34,263 is listed as long-term debt on the statement of financial position. The Organization anticipated utilizing the remaining portion on qualifying expenses and expected the loan to be fully forgiven. During 2021, the \$34,263 was forgiven and included in grant revenue.

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

For the Years Ended May 31, 2021 and 2020

11) Paycheck protection program (continued)

The Organization applied ASC 958-605, Not-for-Profit Entities: Revenue Recognition and recognized PPP funds expected to be forgiven as a conditional contribution. Accordingly, the Organization recognized income as it incurred qualifying PPP expenses and determined that the conditions of forgiveness were substantially met. The related income is included in grant revenue on the statement of activities.

12) Liquidity and availability

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

Cash and cash equivalents	\$ 521,491
Accounts receivable	<u>54,965</u>
Total financial assets	576,456
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>254,216</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 322,240</u>

13) Subsequent events

As of June 1, 2021, the Organization merged with Boys & Girls Club of Greater Baton Rouge, Inc., forming a single entity named Boys & Girls Clubs of Metro Louisiana, Inc. At this time, the separate existence of Boys & Girls Clubs of Southeast Louisiana, Inc. shall cease.

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 other material subsequent events that required recognition or additional disclosures in these financial statements, except as noted above.

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, 2021, 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 March 30, 2022.

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.

March 30, 2022
Metairie, Louisiana

Wegmann Bazet, A.P.C.

BOYS & GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.
SUMMARY OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD

For the Year Ended May 31, 2021

SUMMARY OF COMPENSATION

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