

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

FINANCIAL STATEMENTS  
AND  
REPORT TO BOARD

May 31, 2019 and 2018 (Restated)



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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, 2019 and 2018, 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, 2019 and 2018, 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 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 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 18, 2019 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.

## **Correction of Error**

As discussed in Note 12 to the financial statements, certain errors resulting in understatement of amounts previously reported for donation revenue and an understatement of amounts previously reported for property and equipment as of May 31, 2018, were discovered by management of the Organization during the current year. Accordingly, amounts reported for donation revenue and property and equipment have been restated in the 2018 financial statements now presented and an adjustment has been made to net assets as of May 31, 2018, to correct the error. Our opinion is not modified with respect to this matter.

November 18, 2019

*Wegmann Dacet & Company*

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

May 31, 2019 and 2018 (Restated)

	2019	2018 (Restated)
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 29,310	\$ 170,049
Accounts receivable	81,010	19,811
Prepaid expenses	41,092	36,867
Total current assets	<u>151,412</u>	<u>226,727</u>
Property and equipment, at cost less accumulated depreciation	<u>985,457</u>	<u>1,039,955</u>
Total assets	<u><u>\$ 1,136,869</u></u>	<u><u>\$ 1,266,682</u></u>
<b>LIABILITIES</b>		
Current liabilities		
Line of credit	\$ 47,845	\$ -
Accounts payable	33,036	29,745
Due to affiliate	6,556	10,405
Accrued payroll liabilities	35,387	39,264
Deferred revenue	127,357	105,544
Other current liabilities	16,968	17,083
Total current liabilities	<u>267,149</u>	<u>202,041</u>
<b>NET ASSETS</b>		
Net assets		
Without donor restrictions	821,854	1,008,180
With donor restrictions	47,866	56,461
Total net assets	<u>869,720</u>	<u>1,064,641</u>
Total liabilities and net assets	<u><u>\$ 1,136,869</u></u>	<u><u>\$ 1,266,682</u></u>

See accompanying Notes to Financial Statements.

## BOYS &amp; GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.

## STATEMENT OF ACTIVITIES

For the Year Ended May 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions	\$ 578,324	\$ 59,086	\$ 637,410
Allocation from United Way	6,715	25,000	31,715
Membership dues	16,725	-	16,725
Program service fees	123,566	-	123,566
Grants and contracts	79,292	266,383	345,675
Other income	6,964	-	6,964
Net assets released from restrictions	359,064	(359,064)	-
	<u>1,170,650</u>	<u>(8,595)</u>	<u>1,162,055</u>
Expenses			
Program services			
Social development	1,031,308	-	1,031,308
Supporting services			
General and administrative	185,503	-	185,503
Fundraising	140,165	-	140,165
	<u>1,356,976</u>	<u>-</u>	<u>1,356,976</u>
Change in net assets	(186,326)	(8,595)	(194,921)
Net assets			
Beginning of year	<u>1,008,180</u>	<u>56,461</u>	<u>1,064,641</u>
End of year	<u>\$ 821,854</u>	<u>\$ 47,866</u>	<u>\$ 869,720</u>

See accompanying Notes to Financial Statements.

## BOYS &amp; GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.

## STATEMENT OF ACTIVITIES

For the Year Ended May 31, 2018 (Restated)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	\$ 512,147	\$ 30,000	\$ 542,147
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)	-
Total revenue	<u>1,193,300</u>	<u>50,461</u>	<u>1,243,761</u>
Expenses			
Program services			
Social development	992,912	-	992,912
Supporting services			
General and administrative	182,283	-	182,283
Fundraising	155,910	-	155,910
Total expenses	<u>1,331,105</u>	<u>-</u>	<u>1,331,105</u>
Change in net assets	(137,805)	50,461	(87,344)
Net assets			
Beginning of year	<u>1,145,985</u>	<u>6,000</u>	<u>1,151,985</u>
End of year	<u>\$ 1,008,180</u>	<u>\$ 56,461</u>	<u>\$ 1,064,641</u>

See accompanying Notes to Financial Statements.

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

For the Year Ended May 31, 2019

	Program Services	Supporting Services		Total Expenses
	Social Development	General and Administrative	Fundraising	
Auto expense	\$ 6,450	\$ 4,334	\$ -	\$ 10,784
Building maintenance	26,996	-	-	26,996
Depreciation	109,833	-	-	109,833
Dues and subscriptions	6,556	-	-	6,556
Employee benefits	14,102	29,846	-	43,948
Equipment repairs	3,566	1,147	-	4,713
Fundraising	-	-	51,925	51,925
Insurance	74,580	1,032	-	75,612
Interest expense	1,393	116	-	1,509
Other expense	(751)	7,179	-	6,428
Parking and tolls	-	119	-	119
Payroll taxes	45,734	9,310	-	55,044
Postage and delivery	338	394	-	732
Printing and reproduction	-	2,054	-	2,054
Professional fees	9,884	9,281	-	19,165
Program supplies	176,334	6,104	-	182,438
Rent expense	17,908	4,658	-	22,566
Salaries	430,720	97,514	88,240	616,474
Software	714	136	-	850
Technology expense	31,245	4,006	-	35,251
Telephone	3,270	5,238	-	8,508
Training and membership	1,886	3,035	-	4,921
Transportation	13,525	-	-	13,525
Utilities	57,025	-	-	57,025
<b>Total expenses</b>	<b>\$ 1,031,308</b>	<b>\$ 185,503</b>	<b>\$ 140,165</b>	<b>\$ 1,356,976</b>

See accompanying Notes to Financial Statements.

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

For the Year Ended May 31, 2018 (Restated)

	Program Services	Supporting Services		Total Expenses
	Social Development	General and Administrative	Fundraising	
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
<b>Total expenses</b>	<b>\$ 992,912</b>	<b>\$ 182,283</b>	<b>\$ 155,910</b>	<b>\$ 1,331,105</b>

See accompanying Notes to Financial Statements.

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

For the Years Ended May 31, 2019 and 2018 (Restated)

	2019	2018 (Restated)
Cash flows from operating activities:		
Change in net assets	\$ (194,921)	\$ (87,344)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	109,833	111,894
Donated land included in contributions	-	(39,970)
(Increase) Decrease in operating assets:		
Accounts receivable	(61,199)	2,963
Prepaid expenses	(4,225)	(367)
(Increase) Decrease in operating liabilities:		
Accounts payable	3,291	8,211
Accrued payroll liabilities	(3,877)	2,095
Deferred revenue	21,813	(20,527)
Due to affiliate	(3,849)	(11,317)
Other current liabilities	(115)	(1,674)
Net cash used by operating activities	<u>(133,249)</u>	<u>(36,036)</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(55,335)</u>	<u>(1,426)</u>
Net cash used by investing activities	<u>(55,335)</u>	<u>(1,426)</u>
Cash flows from financing activities:		
Borrowings under line of credit	63,390	-
Repayments of line of credit	<u>(15,545)</u>	<u>-</u>
Net cash provided by financing activities	<u>47,845</u>	<u>-</u>
Net decrease in cash	(140,739)	(37,462)
Cash and cash equivalents at beginning of year	<u>170,049</u>	<u>207,511</u>
Cash and cash equivalents at end of year	<u>\$ 29,310</u>	<u>\$ 170,049</u>

See accompanying Notes to Financial Statements.

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

For the Years Ended May 31, 2019 and 2018 (Restated)

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.

Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 958, *Financial Statements for Not-for-Profit Entities*, requires the net assets and changes in net assets be reported for two classifications – without donor restrictions and with donor restrictions based on the existence and nature of donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. Support that is limited by donor imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of the Organization pursuant to such stipulations is reported as an increase in net assets with donor restrictions.

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, 2019 and 2018. 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) 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, 2019 and 2018 (Restated)

2) Summary of significant accounting principles (continued)

f) 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

g) Donated assets

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

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.

j) Functional allocation of expenses

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

3) 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. Employees can only accrue up to 300 hours of PTO and lose the ability to accrue more if the maximum accrual is reached. The liability for unused accrued PTO was \$17,574 and \$-0- at December 31, 2018 and 2017, respectively.

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

For the Years Ended May 31, 2019 and 2018 (Restated)

4) Property and equipment

Property and equipment is summarized as follows:

	<u>2019</u>	<u>2018</u>
Buildings and improvements	\$ 2,043,112	\$ 1,996,512
Equipment	648,604	639,869
Pool	320,000	320,000
Land	<u>132,330</u>	<u>132,330</u>
Total cost	3,144,046	3,088,711
Less accumulated depreciation	<u>2,158,589</u>	<u>2,048,756</u>
Property and equipment	<u>\$ 985,457</u>	<u>\$ 1,039,955</u>

For the years ended May 31, 2019 and 2018, depreciation expense totaled \$109,833 and \$111,894, respectively.

5) 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 expires January 31, 2020. The lease payments are \$1,700 per month. Future minimum lease payments under this agreement total \$13,600 for 2020.

6) 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, 2019 and 2018.

7) Net asset with donor restrictions

Net assets with donor restrictions at May 31, 2019 and 2018 consisted of the following grants:

	<u>2019</u>	<u>2018</u>
Chevron Products Company	\$ -	\$ 40,000
Northshore Community Foundation	11,086	5,000
Slidell Rotary	-	880
RiteAid	-	5,000
Oscar J Tolmas Charitable Trust	-	380
Raymond James	-	5,201
Boys & Girls Club of America	<u>36,780</u>	-
Total	<u>\$ 47,866</u>	<u>\$ 56,461</u>

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

For the Years Ended May 31, 2019 and 2018 (Restated)

8) Federal financial assistance

In 2019 and 2018, 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, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Grant receipts	\$ 10,642	\$ 35,609
Grant expenditures	<u>22,465</u>	<u>50,178</u>
Due from grant at end of year	<u><u>\$ 11,823</u></u>	<u><u>\$ 14,569</u></u>

9) Due to affiliate

At May 31, 2019 and 2018, the Organization had \$6,556 and \$10,405, 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 \$19,234 and \$18,752 for the years ended May 31, 2019 and 2018, respectively.

10) Line of credit

The Organization has an unsecured, revolving line of credit with a bank of \$200,000 which expires on July 11, 2020. The interest rate on the note is variable based on the changes in the Wall Street Journal Prime Index.

11) 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	\$ 29,310
Accounts receivables	<u>81,010</u>
Total financial assets	110,320
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>47,866</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 62,454</u></u>

12) Restatement of previously issued financials

The Organization has restated its previously issued financial statements as of May 31, 2018 to reflect the correction of errors related to revenue and the donation of property and equipment. During the current year, management of the Organization discovered land donated in fiscal year 2018 that was not previously reported in the 2018 financial statements. The effect of the restatement was to increase the change in net assets for 2018 by \$39,970, increase property and equipment by \$39,970 and net assets at the beginning of 2019 was increased by \$39,970.

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

For the Years Ended May 31, 2019 and 2018 (Restated)

12) Restatement of previously issued financials (continued)

The effect of the restatement on the statement of activities and financial position as of and for the year ended May 31, 2018 are as follows:

	As previously reported	Restated
	<u>                    </u>	<u>                    </u>
Total revenue	\$ 1,203,791	\$ 1,243,761
Total expenses	1,331,105	1,331,105
Change in net assets	(127,314)	(87,344)
Total net assets	1,024,671	1,064,641
Property and equipment	999,985	1,039,955
Total assets	1,226,712	1,266,682
Net assets	1,024,671	1,064,641

13) 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 statement of financial position as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2020. The Organization is currently assessing the impact of these pronouncements on its financial statements.

FASB has issued ASU No. 2014-09, "Revenue from Contracts with Customers," to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This standard will be effective for periods beginning after December 15, 2018. The Organization is currently assessing the impact of these pronouncements on its financial statements.

14) Subsequent events

Effective for fiscal year 2020, beginning June 1, 2020, employees will be allowed to accrue a maximum of 40 hours of paid time off. Previously, employees were permitted to accrue a maximum of 300 hours of paid time off.

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, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2019.

**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 18, 2019  
Metairie, Louisiana

*Wegmann Daret & Company*

BOYS & GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.  
SUMMARY OF COMPENSATION, BENEFITS, AND OTHER  
PAYMENTS TO AGENCY HEAD  
For the Year Ended May 31, 2019

SUMMARY OF COMPENSATION

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