

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

AUDITED FINANCIAL STATEMENTS and SUPPLEMENTARY INFORMATION
December 31, 2018



TABLE OF CONTENTS

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT.....	1
STATEMENT OF FINANCIAL POSITION.....	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS.....	7

SUPPLEMENTARY INFORMATION

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD	16
--	----

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 <i>GOVERNMENT AUDITING STANDARDS</i>	17
SCHEDULE OF FINDINGS	19
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS.....	19



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, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***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 27, 2019, 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.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
June 27, 2019

BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
STATEMENT OF FINANCIAL POSITION
(See Accompanying Notes and Independent Auditors' Report)
December 31, 2018

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	191,697
Grants Receivable		115,273
Pledges Receivable, Current Portion, Net of Discount of \$19,730		210,770
Prepaid Expenses		8,921

526,661

TOTAL CURRENT ASSETS

PROPERTY AND EQUIPMENT

Equipment		191,065
Less: Accumulated Depreciation		(191,065)

-

NET PROPERTY AND EQUIPMENT

OTHER ASSETS

Security Deposits		3,730
Pledges Receivable, Net of Current Portion and Net of Discount of \$36,811		351,439
Investments		138,612

493,781

TOTAL OTHER ASSETS

\$ 1,020,442

TOTAL ASSETS

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	36,774
Allocations of Grants Payable		22,097
Payroll Payables		99
Line of Credit Payable		50,636
Custodial Liability		5,305
Deferred Revenues		104,889

219,800

TOTAL CURRENT LIABILITIES

NET ASSETS

Without Donor Restrictions		(127,166)
With Donor Restrictions		927,808

800,642

TOTAL NET ASSETS

\$ 1,020,442

TOTAL LIABILITIES AND NET ASSETS

BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
STATEMENT OF ACTIVITIES
(See Accompanying Notes and Independent Auditors' Report)
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS (LOSSES), and OTHER SUPPORT			
Private Grant and Contribution Revenue	\$ 173,415	\$ 251,683	\$ 425,098
Government Grant Revenue	-	283,974	283,974
Program Service Fees	283,018	-	283,018
Special Event Revenue	182,065	-	182,065
Other Revenue	11,147	-	11,147
Interest and Dividend Revenue	3,546	-	3,546
Unrealized Losses, Net of Expenses	(5,919)	-	(5,919)
TOTAL SUPPORT AND OTHER GAINS (LOSSES)	647,272	535,657	1,182,929
NET ASSETS RELEASED FROM RESTRICTIONS			
Restrictions Satisfied by Payments	367,225	(367,225)	-
Restrictions Satisfied by Time	164,936	(164,936)	-
TOTAL RECLASSIFICATIONS	532,161	(532,161)	-
TOTAL SUPPORT, OTHER GAINS (LOSSES) AND RECLASSIFICATIONS	1,179,433	3,496	1,182,929
EXPENSES			
Program Services	1,161,536	-	1,161,536
Management and General	104,071	-	104,071
Fundraising	245,858	-	245,858
TOTAL EXPENSES	1,511,465	-	1,511,465
CHANGE IN NET ASSETS	(332,032)	3,496	(328,536)
NET ASSETS, BEGINNING OF YEAR	69,917	1,011,012	1,080,929
PRIOR PERIOD ADJUSTMENTS	134,949	(86,700)	48,249
NET ASSETS, END OF YEAR	\$ (127,166)	\$ 927,808	\$ 800,642

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, 2018

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 704,528	\$ 41,185	\$ 89,625	\$ 835,338
Employee Benefits	76,135	15,855	23,782	115,772
Payroll Taxes	53,033	3,151	6,856	63,040
Professional Fees	54,852	3,047	3,047	60,946
Program Expenses	63,308	-	-	63,308
Conferences	2,631	12,757	-	15,388
Travel	5,503	877	-	6,380
Insurance	17,039	947	947	18,933
Rent	59,515	3,306	3,306	66,127
Telephone	17,720	984	984	19,688
Bank Charges	8,783	488	488	9,759
Memberships	7,149	3,786	-	10,935
Office and Supplies	57,793	3,211	3,210	64,214
Printing and Postage	26,658	14,095	-	40,753
Fundraising	-	-	113,231	113,231
Depreciation	130	7	7	144
Interest expense	3,265	181	181	3,627
Other Expenses	3,494	194	194	3,882
TOTAL FUNCTIONAL EXPENSES	\$ 1,161,536	\$ 104,071	\$ 245,858	\$ 1,511,465



TWRU

CPAs & Financial Advisors

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, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (328,536)
Adjustments to Reconcile Change in Net Assets to	
Net Cash Used in Operating Activities:	
Depreciation	144
Voided Stale Checks from Prior Years	8,446
Change in Discount on Pledges Receivable included in Contributions	(30,137)
Unrealized Loss on Investments	4,649
(Increase) Decrease in Assets:	
Grants, Sponsorships, and Other Receivables	(7,630)
Pledges Receivable	192,013
Prepaid Expenses	7,109
Due from Other Clubs	3,116
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Liabilities	10,967
Allocations Payable	22,097
Payroll Liabilities	99
Other Payables	(21,811)
Deferred Revenues	28,653
	<hr/>
NET CASH USED IN OPERATING ACTIVITIES	(110,821)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings Reinvested net of Investment Fees	<hr/> (3,242)
NET CASH USED IN INVESTING ACTIVITIES	(3,242)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Line of Credit (net of Repayments)	<hr/> 50,636
NET CASH PROVIDED IN FINANCING ACTIVITIES	<hr/> 50,636
DECREASE IN CASH AND CASH EQUIVALENTS	(63,427)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<hr/> 255,124
CASH AND CASH EQUIVALENTS AT END OF YEAR	<hr/> <hr/> \$ 191,697

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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 two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity. Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Club, the environment in which it operates, 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. 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 net assets with donor restrictions to net assets without donor restrictions. The Club has both net assets without donor restrictions and net assets with donor restrictions as of December 31, 2018.

Revenue Recognition – The Club accounts for contributions as increases in net assets with donor restrictions or net assets without donor restrictions, depending on the existence or nature of any donor restrictions. When the stipulated time restriction or purpose restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions as a release from restrictions.

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.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 net assets with or without donor restrictions, depending on donor's stipulation.

Prepaid Expenses – Prepaid expenses represent insurance, facility fees, and employee benefit payments made in 2018 that extend beyond year end have been recorded in the accompanying statement of financial position as prepaid expenses.

Deferred Revenue – Income for the 2019 Youth Legislation Program, the Great Futures Gala, and Steak and Stake was paid in advance and is deferred. This revenue will be recognized in 2019, the period to which the program revenue relates.

Compensated Absences – Employee's compensated absences are not accrued as of December 31, 2018, because no reasonable estimate of the amount can be made.

Designation of Net Assets without Donor Restrictions – 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 \$1,438 for advertising the year ended December 31, 2018.

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.

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).

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued) - 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 2015. 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	\$ 1,050
Demand Deposits	28,660
Money Market Savings	161,987
Total Cash and Cash Equivalents	<u>\$ 191,697</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, 2018. Receivables at year-end consist of the following:

United Way	\$ 71,981
Sponsorships Receivable	10,000
Governmental Grantors	24,867
Other Grantors	<u>8,425</u>
Total Grant Receivables	<u>\$ 115,273</u>

NOTE 4: PROPERTY AND EQUIPMENT

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

Equipment	\$ 191,065
Less: Accumulated Depreciation	<u>(191,065)</u>
Net Property and Equipment	<u>\$ 0</u>

Depreciation expense was \$144 for the year ending December 31, 2018.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 5: 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, 2018, consist of the following:

Capital Campaign	\$ <u>618,750</u>
Receivable in less than one year	\$ 230,500
Receivable in one to five years	<u>388,250</u>
Total Unconditional Promises to Give	618,750
Less Discounts to Net Present Value	(56,541)
Less Allowance for Uncollectible Pledges Receivable	<u>-</u>
Pledges Receivable, Net of Discount	\$ <u>562,209</u>

Conditional promises to give at December 31, 2018, consist of promises to:

Fund the Capital Campaign	\$ <u>200,000</u>
---------------------------	-------------------

NOTE 6: SECURITY DEPOSITS

At December 31, 2018, included in security deposits is \$3,730 paid for a refundable deposit on office space that houses the administrative staff.

NOTE 7: INVESTMENTS

The Club carries its investments at fair value. At December 31, 2018, such investments consisted of the following:

Baton Rouge Area Foundation	\$ <u>138,612</u>
-----------------------------	-------------------

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

Balance, Beginning of Year	\$ 140,019
Interest and Dividends	3,485
Unrealized Gains	(4,649)
Gifts	1,027
Investment Expenses	<u>(1,270)</u>
Balance, End of Year	\$ <u>138,612</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% in an investment pool and 6% in venture capital. The investments are in pooled accounts.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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, 2018.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Pooled Funds held by Baton Rouge Area Foundation	\$ -	\$138,612	\$ -
Total	\$ -	\$138,612	\$ -

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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 three 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 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,	
2019	\$ 87,024
2020	39,334
2021	16,008
2022	16,008
2023	4,002
Thereafter	<u> -</u>

Total future rental payments \$ 162,376

Total facility rent expense paid during 2018 was \$77,441. Total equipment rent expense paid during 2018 was \$7,799.

NOTE 10: REVOLVING LINE OF CREDIT

The Club has a \$50,000 unsecured, revolving line of credit with a bank's credit card division. At December 31, 2018, \$50,636 was owed on the account. There was no penalty for drawing over the limit. The line has no maturity date and carries an interest rate that fluctuates with The Wall Street Journal Prime. The interest rate at December 31, 2018, was 16.56%.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 11: NET ASSETS

Changes in net assets with donor restrictions consist of the following for the year ended December 31, 2018:

	<u>Beginning</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
United Way Grant	\$ 85,000	\$ -	\$ 136,850	\$ (153,425)	\$ 68,425
Other United Way Contributions	-	-	14,626	(11,511)	3,115
Government Grants	-	-	283,974	(283,974)	-
Capital Campaign *	<u>926,012</u>	<u>(86,700)</u>	<u>100,207</u>	<u>(83,251)</u>	<u>856,268</u>
	<u>\$1,011,012</u>	<u>\$ (86,700)</u>	<u>\$ 535,657</u>	<u>\$ (532,161)</u>	<u>\$ 927,808</u>

* Capital Campaign beginning balance has been restated (adjustments) to reflect allocation of salaries to expenses of the campaign.

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 \$22,620.

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: ECONOMIC DEPENDENCY

Revenue – During 2018, the Club received approximately 24% of its revenue from government grants, 51% of its revenue from other grants and contributions, and 24% of its revenue from program service fees. A significant reduction in these levels of support, if it were to occur, could have a significant effect on the Club's programs and activities.

NOTE 14: CONCENTRATION OF 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, 2018, the Club's uninsured cash balances total \$0.

Pledge Receivables – As of December 31, 2018, 100% of the Club's pledges receivable of \$562,209 (shown net of discount of \$56,611) is due from eight donors.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 15: 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 \$7,194.

The Club is affiliated with the state organization – Louisiana Alliance of Boys and Girls Club. Dues paid to this affiliate during the year totaled \$4,59. As of December 31, 2018, the Club owed \$4,835 in 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 \$26,416 in revenue from its affiliate during the year for this program. As of December 31, 2018, the Club has a receivable recorded for \$8,748 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 \$68,337 in nongovernment grant revenue passed through BGCA during the year ended December 31, 2018.

The Club pays BGCA for various employee benefit plans. During the year ended December 31, 2018, the Club paid its affiliate \$15,246 and \$77,602 for pension plan contributions and employee non-pension benefits, respectively. \$7,250 was prepaid in 2017 for 2018 contributions. As of December 31, 2018, included in accounts payable is \$13,244 for 2018 employee pension plan contributions.

During the year, the executive director loaned the Club a \$12,000 loan. The loan was without interest and had no stated maturity, the Club paid back the loan in full.

NOTE 16: NONCASH INVESTING AND FINANCING ACTIVITIES AND CASH FLOW INFORMATION

The Club had noncash investing transactions relating to unrealized losses on investments of \$4,649 in 2018. Interest paid was \$3,627.

NOTE 17: PRIOR PERIOD ADJUSTMENTS

Certain errors resulting in an over statement of accrued expenses was discovered during the year. Accordingly, an adjustment of \$39,803 was made during 2018 to decrease payables and increase net assets without donor restrictions. In addition, the Club voided stale checks from prior years totaling \$8,446 which resulted in an adjustment to increase cash and increase net assets without donor restrictions. Also, net assets with donor restrictions at January 1, 2018 has been restated to reflect allocation of salaries to expenses of the campaign for the years 2015 - 2017. This restatement decreased net assets with donor restrictions by \$86,700 and increased net assets without donor restrictions by the same amount.

NOTE 18: LIQUIDITY AND AVAILABILITY

The following reflects the Club's financial assets as of the statement of financial position date, reduced by amounts available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

Cash	\$ 191,697
Grants and Sponsorships Receivable	<u>115,273</u>
Total Financial Assets	306,970
Subtract: Capital Campaign funds received net of expenses	<u>(259,583)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 47,387</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTE 19: CHANGE IN ACCOUNTING POSITION

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, the lack of consistency in the type of information provide about expenses and investment return. The Club has implemented ASU 2016-14 and has presented the financial statements accordingly.

NOTE 20: SUBSEQUENT EVENTS

There were no subsequent events between the close of the fiscal year and June 27, 2019, the date on which the financial statements were available to be issued, that would materially impact the accompanying financial statements.

SUPPLEMENTARY INFORMATION



TWRU
CPAs & Financial Advisors

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, 2018

Agency Head

Pat R. Van Burkleo

President

Purpose

Salary

Amount
\$ 98,200

Benefits:

Retirement

9,770

Group insurance

43,079

Mobile phone provided by agency

2,880

Membership - Rotary Club

1,440

Total Compensation, Benefits and Other Payments

\$ 155,369



TWRU

CPAs & Financial Advisors



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, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated June 27, 2019.

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.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
June 27, 2019

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

SCHEDULE OF FINDINGS
For the Year Ended December 31, 2018

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, 2018

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

None Reported.