

BIG BUDDY PROGRAM
BATON ROUGE, LOUISIANA
DECEMBER 31, 2018

L.A. CHAMPAGNE 
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Big Buddy Program

Report on Financial Statements

We have audited the accompanying financial statements of Big Buddy Program (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and 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.

Auditor's 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 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 Big Buddy Program as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The description of programs on page 14 and the schedule of compensation, benefits, and other payments to Agency heads on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 15, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also 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 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2019, on our consideration of Big Buddy Program'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 Big Buddy Program's internal control over financial reporting and compliance.

J. A. Champagne & Co., LLP

*Baton Rouge, Louisiana
July 1, 2019*

BIG BUDDY PROGRAM
STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash	\$ 63,276	\$ 141,651
Grants and other receivables, net	191,441	327,581
Prepaid expenses	14,699	20,111
Total current assets	269,416	489,343
 PROPERTY AND EQUIPMENT		
Property and Equipment, net of depreciation	184,251	189,101
 Total assets	 \$ 453,667	 \$ 678,444
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 118,916	\$ 111,095
Payroll withholdings and accrued vacation	9,339	8,903
Deferred revenue	41,469	67,140
Other liabilities	23,034	23,034
Total current liabilities	192,758	210,172
 NET ASSETS		
Without donor restrictions	247,270	420,683
With donor restrictions	13,639	47,589
Total net assets	260,909	468,272
 Total liabilities and net assets	 \$ 453,667	 \$ 678,444

See accompanying notes to the financial statements.

BIG BUDDY PROGRAM
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE						
Donations	\$ 100,555	\$ -	\$ 100,555	\$ 37,842	\$ -	\$ 37,842
Grant income	1,258,590	-	1,258,590	1,481,450	60,000	1,541,450
Fees and contract revenue	216,225	-	216,225	234,621	-	234,621
Fundraising	342,050	-	342,050	361,279	-	361,279
Other revenue	-	-	-	339	-	339
Transfers in satisfaction of restrictions	33,950	(33,950)	-	64,652	(64,652)	-
TOTAL REVENUE AND RECLASSIFICATIONS	<u>1,951,370</u>	<u>(33,950)</u>	<u>1,917,420</u>	<u>2,180,183</u>	<u>(4,652)</u>	<u>2,175,531</u>
FUNCTIONAL EXPENSES						
Program services	1,711,034		1,711,034	1,792,069		1,792,069
Fundraising	222,484	-	222,484	142,652	-	142,652
Management and general	191,265	-	191,265	166,555	-	166,555
TOTAL EXPENSES	<u>2,124,783</u>	<u>-</u>	<u>2,124,783</u>	<u>2,101,276</u>	<u>-</u>	<u>2,101,276</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(173,413)</u>	<u>(33,950)</u>	<u>(207,363)</u>	<u>78,907</u>	<u>(4,652)</u>	<u>74,255</u>
Net assets - beginning of year	420,683	47,589	468,272	341,776	52,241	394,017
Net assets - end of year	<u>\$ 247,270</u>	<u>\$ 13,639</u>	<u>\$ 260,909</u>	<u>\$ 420,683</u>	<u>\$ 47,589</u>	<u>\$ 468,272</u>

See accompanying notes to the financial statements.

BIG BUDDY PROGRAM
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (207,363)	\$ 74,255
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	21,131	18,908
Bad debt expense	-	9,600
Decrease in receivables	136,140	64,521
Decrease in prepaid expenses	5,412	38,419
Increase (decrease) in deferred revenue	(25,671)	45,695
Increase in payroll taxes and other withholdings payable	436	2,470
Increase (decrease) in accounts payable	<u>7,821</u>	<u>(206,758)</u>
Net cash provided by (used in) operating activities	<u>(62,094)</u>	<u>47,110</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	<u>(16,281)</u>	<u>(9,283)</u>
Net cash used in investing activities	<u>(16,281)</u>	<u>(9,283)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on short-term borrowing	<u>-</u>	<u>(31,867)</u>
Net cash used in financing activities	<u>-</u>	<u>(31,867)</u>
NET INCREASE (DECREASE) IN CASH	<u>(78,375)</u>	<u>5,960</u>
Cash - beginning of year	141,651	135,691
Cash - end of year	<u><u>\$ 63,276</u></u>	<u><u>\$ 141,651</u></u>

See accompanying notes to the financial statements.

BIG BUDDY PROGRAM
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2018 and 2017

	2018				2017			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries	\$ 754,352	\$ 74,477	\$ 82,359	\$ 911,188	\$ 717,491	\$ 52,482	\$ 13,121	\$ 783,094
Payroll tax and employee benefits	127,522	24,785	14,821	167,128	84,412	13,720	3,430	101,562
Professional services	407,826	76,210	9,509	493,545	398,680	65,726	1,210	465,616
Supplies	38,682	-	8,511	47,193	37,741	-	-	37,741
Marketing	10,245	695	5,088	16,028	237	13,588	159	13,984
Food	136,648	401	178	137,227	270,647	2,344	218	273,209
Occupancy expenses	30,611	2,961	878	34,450	69,816	6,681	1,980	78,477
Transportation	65,935	494	1,366	67,795	73,770	1,522	777	76,069
Insurance	74,116	6,590	1,953	82,659	73,743	5,494	1,628	80,865
Office expense	34,926	2,557	920	38,403	26,232	1,892	708	28,832
Special events	8,476	-	93,390	101,866	6,363	-	118,499	124,862
Other expenses	2,939	263	2,968	6,170	16,153	1,467	437	18,057
	<u>1,692,278</u>	<u>189,433</u>	<u>221,941</u>	<u>2,103,652</u>	<u>1,775,285</u>	<u>164,916</u>	<u>142,167</u>	<u>2,082,368</u>
Depreciation	18,756	1,832	543	21,131	16,784	1,639	485	18,908
	<u>\$ 1,711,034</u>	<u>\$ 191,265</u>	<u>\$ 222,484</u>	<u>\$ 2,124,783</u>	<u>\$ 1,792,069</u>	<u>\$ 166,555</u>	<u>\$ 142,652</u>	<u>\$ 2,101,276</u>

See accompanying notes to the financial statements.

BIG BUDDY PROGRAM
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Big Buddy Program (the Organization) is a nonprofit organization operating in the Baton Rouge area, offering children in Pre-K through twelfth grade from low-income families the opportunities for recreational, cultural, and educational activities. The Organization is primarily funded by Capital Area United Way; the City of Baton Rouge-Parish of East Baton Rouge; and Federal, state and other private programmatic grants.

Basis of accounting

The Organization prepares its financial statements on the accrual basis of accounting. Under this method of accounting, revenue is recognized when earned or billed, and expenses are recognized when goods or services are received and the obligation for payment is incurred.

Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Organization 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 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 Organization, the environment in which it operates, the purposes specified in its 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.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

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.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and grants

Contributions received, grants, and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Use of 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.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with maturities of ninety days or less when acquired to be cash equivalents.

Property and equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are stated at cost less accumulated depreciation with depreciation being calculated on the straight-line basis over the estimated useful life of the assets as follows:

Buildings	15-39 years
Furniture and equipment	5-7 years
Transportation and equipment	5 years

When property is retired or otherwise disposed of, the accounts are relieved of the applicable cost and accumulated depreciation, and any resulting gain or loss is reflected in operations.

Donated personal services

The value of donated personal services provided has not been recorded in the accompanying financial statements. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization in the performance of its programs and various committee activities.

Donated equipment

Equipment donated to the Organization is recorded at fair market value on the date received. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset 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 contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets at that time.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid expenses

Insurance and similar services which extend benefits over more than one accounting period have been recorded as prepaid expenses.

Income taxes

The Organization is exempt from Federal Income Taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. Accordingly, no provision for income taxes has been included in the financial statements.

The Organization accounts for income taxes in accordance with the income tax accounting guidance included in the FASB ASC. Under this guidance, the Organization may recognize the tax effects from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by tax authorities. The Organization has evaluated its position regarding the accounting for uncertain tax positions and does not believe that it has any material uncertain tax positions.

Compensated absences

Full-time employees earn one-half day of vacation time per month. Employees that do not use all of their vacation time are allowed to carry forward a maximum of 6 days to the following year. Employees terminating their employment with the Organization are entitled to be compensated for their accrued vacation pay. Full-time employees also earn one-half day of sick time each month. Employees are allowed to accumulate up to a maximum of 60 days of sick time. Employees terminating their employment with the Organization are not compensated for their accrued sick pay.

A liability for compensated vacation time is provided based upon the number of hours of unused time at the employee's current hourly rate. No liability is accrued for sick leave in accordance with applicable accounting standards.

Receivables and bad debts

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and knowledge of circumstances that may affect the ability of clients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. As of December 31, 2018 and 2017, the Organization had an allowance for doubtful accounts of \$4,560 and \$9,600, respectively.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed when incurred.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications:

Certain reclassifications have been made to the 2017 financial statements to be consistent with the 2018 presentation. Reclassifications had no effect on 2017 net assets.

Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs are charged specifically to a program or function and the remaining costs are allocated among programs, administrative, and fund raising based upon estimates of staff time devoted to these functions.

Change in Accounting Principles

On August 18, 2016, 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, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented which had no impact to total net assets.

B: ECONOMIC DEPENDENCY

The Organization receives the majority of its funds provided through government grants and contracts. If significant budget cuts are made at the federal/state level, the amount of funds the Organization receives could be reduced significantly and have an adverse impact on its operations. Management is aware of budget cuts and is making the necessary reductions in expenses and exploring additional funding sources. Significant among those are the following, reflecting their percent of total revenues provided in 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Capital Area United Way	5%	7%
Department of Education Grants	35%	46%
City of Baton Rouge	12%	12%

C: PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at cost, less accumulated depreciation:

	2018	2017
Buildings	\$ 233,858	\$ 222,824
Transportation equipment	213,493	213,493
Furniture and equipment	99,272	94,025
	<u>546,623</u>	<u>530,342</u>
Less accumulated depreciation	<u>(362,372)</u>	<u>(341,241)</u>
	<u>\$ 184,251</u>	<u>\$ 189,101</u>

Depreciation expense for 2018 and 2017 was \$21,131 and \$18,908, respectively.

D: CONCENTRATION OF CREDIT RISK

The Big Buddy Program maintains deposits in a local financial institution with balances at times that may exceed the \$250,000 federal insurance provided by the Federal Deposit Insurance Corporation.

E: LEASE OBLIGATION

The Organization leases certain equipment under agreements classified as operating leases. The lease expense under these agreements was \$10,192 and \$6,371 for the years ended December 31, 2018 and 2017, respectively. There were no future minimum rental payments required under the equipment leases as of December 31, 2018.

F: LINE OF CREDIT

The Organization maintains a \$100,000 line of credit through a local financial institution secured by a mortgage on program facilities located at 1415 Main Street. The line of credit matures on December 28, 2023. The Organization is obligated to make monthly interest payments at 7.5% until maturity, at which time all unpaid principal and interest is due. As of December 31, 2018, no draws have been made against the credit line.

G: FEDERALLY ASSISTED PROGRAMS

Federal and State assistance programs represent an important source of funding for Big Buddy. These programs were audited as of December 31, 2018 in accordance with the *Uniform Administrative Requirements*. Other programmatic audits may be conducted by grantor agencies. Prior audits have not resulted in any significant disallowed cost. However, grantor agencies may conduct or require additional examinations which could result in the cancellation of grants or contracts, the disallowance of costs charged to the grant or require the repayment of any questioned costs identified and such repayments may be material to the financial statements.

H: CONTINGENCIES

The Organization receives a portion of its revenues from government grants and contracts, all of which are subject to audit by the respective governments. The ultimate determination of amounts received under these programs generally is based upon allowable cost reported and are subject to audit by the government. Until such audits, if any, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

I: NET ASSETS

Net assets with donor restrictions consist of funds designated by donors or grantors for specific purposes or programs. As of December 31, 2018 and 2017, amounts restricted to use for specific programmatic areas was \$13,639 and \$47,589, respectively. Included in these amounts are funded scholarships of \$11,464 and \$11,664 at December 31, 2017 and 2016, respectively.

Net assets were released from donor restrictions by incurring expenses satisfying the purpose of restrictions specified by donors as follows:

	<u>2018</u>	<u>2017</u>
Purpose restriction accomplished:		
Scholarship program	\$ 500	\$ 500
Project advance program	-	10,000
Children's charter program	-	22,902
Other mentoring programs	33,750	31,250
Total restrictions released	<u>\$ 34,250</u>	<u>\$ 64,652</u>

J: NON-CASH INVESTING AND FINANCING ACTIVITIES

There were no non-cash investing and financing activities in 2018 or 2017.

K: LIQUIDITY

The following reflects the Organization's financial assets as of December 31, 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Cash and cash equivalents	\$ 63,276
Grants and other receivables	191,441
Less donor imposed restrictions	<u>(13,639)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 241,078</u>

K: LIQUIDITY (Continued)

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically cash or money market funds. In addition to the above amounts, the Organization has an open line of credit as described in Note F for \$100,000.

L: SUBSEQUENT EVENTS

Subsequent events were evaluated through July 1, 2019, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

DESCRIPTION OF PROGRAMS

Mentoring

Mentoring services provide youth in need of a special friend with a caring adult or teen role model. Mentoring is the single most effective way to impact a child's life. Strong relationships build resiliency against barriers to success and support the young person's overall growth and development for a bright future.

Extended Learning

Extended Learning programs provide young people the opportunity to participate in positive activities and rich learning experiences in a safe and caring environment. Participants are provided with character development and leadership courses; after school programs that correlate to the school curricula, addressing academic, social and enrichment needs; targeted tutoring sessions for students attending low-performing schools; holiday camps; and summer enrichment programs. Additional support is provided during transitions from elementary to middle school and from middle to high school.

College and Career Readiness

Workforce development programs provide safe forums for high school students to develop skills that prepare them to meet the needs of today's growing workforce. Additional life skills and leadership development enable access to a successful future.

BIG BUDDY PROGRAM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2018

FEDERAL GRANTOR GRANTORS/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANTOR CONTRACTOR NUMBER	TOTAL FEDERAL EXPENDITURES
<u>U.S. Department of Education</u>			
Passed through the Louisiana Department of Education:			
Title IV-B Twenty First Century Community Learning Centers	84.287C	723250 2000223059	\$ 106,134 471,901
<u>U.S. Department of Agriculture</u>			
Passed through the Louisiana Department of Education:			
Child Nutrition Program - Child and Adult Care Food Program	10.558	13-SFSP-002A	198,376
<u>U.S. Department of Justice</u>			
Passed through Mid-Atlantic Network of Youth and Family Services:			
Juvenile Mentoring Program	16.726	2015-JU-FX-0021	48,010
			\$ 824,421

Note A: The schedule above is prepared using the accrual basis of accounting. This information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Par 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, the amounts presented on the schedule may differ from amounts presented in the basic financial statements.

BIG BUDDY PROGRAM
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
December 31, 2018

Agency Head Name: Gaylynne Mack, Executive Director

Purpose:	<u>Amount</u>
Salary	\$ 80,850
Benefits - insurance	8,851
Reimbursements of goods/services purchased directly for program use	2,795
Travel to conference for program training	1,379

See accompanying notes to the financial statements.

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**INDEPENDENT AUDITOR'S 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***

The Board of Directors
Big Buddy Program

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 Big Buddy Program (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 our report thereon dated July 1, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Big Buddy Program'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 Big Buddy Program'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 combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Big Buddy Program's financial statements are free of 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*.

Big Buddy Program's Response to Findings

Big Buddy Program's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Big Buddy Program's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Big Buddy Program's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Big Buddy Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Baton Rouge, Louisiana
July 1, 2019

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

The Board of Directors
Big Buddy Program

Report on Compliance for Each Major Federal Program

We have audited Big Buddy Program's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Big Buddy Program's major federal programs for the year ended December 31, 2018. Big Buddy Program's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Big Buddy Program's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Big Buddy Program's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Big Buddy Program's compliance.

Opinion on Each Major Federal Program

In our opinion, Big Buddy Program complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of the Big Buddy Program is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Big Buddy Program's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Big Buddy Program's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

L.A. Champagne + Co, LLP

*Baton Rouge, Louisiana
July 1, 2019*

BIG BUDDY PROGRAM
SUMMARY OF AUDIT RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2018

A: SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Big Buddy Program.
2. No significant deficiencies in internal controls relating to the audit of the financial statements are reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*."
3. No instance of noncompliance material to the financial statements of Big Buddy Program was disclosed during the audit.
4. There are no significant deficiencies in internal controls relating to the audit of the major federal award programs included in the "Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance."
5. The auditor's report on compliance for the major federal award program for Big Buddy Program expresses an unmodified opinion.
6. There are no audit findings relating to the major federal award program for Big Buddy Program.
7. The program tested as a major program is as follows:

U.S. Department of Education
CFDA 84.287C – Title IV-B Twenty-First Century Community Learning Centers
8. The threshold for determining Types A & B programs was \$750,000.
9. Big Buddy was determined to be a low-risk auditee.

B: FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no findings that are required to be reported in this section of the report.

**C: FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM
AUDIT**

There were no findings that are required to be reported in this section of the report.

BIG BUDDY PROGRAM
SCHEDULE OF CORRECTIVE ACTION TAKEN
ON PRIOR YEAR FINDINGS
Year Ended December 31, 2018

There were no findings in the prior year.