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

FINANCIAL STATEMENTS
AND
REPORT TO BOARD

May 31, 2015 and 2014

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JAN 06 2016**

BOYS & GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.



BOYS' & GIRLS' CLUBS
OF SOUTHEAST LOUISIANA

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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, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the year ended May 31, 2015 and for the eleven months ended May 31, 2014, 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, 2015 and 2014, and the changes in its net assets and its cash flows for the year ended May 31, 2015 and for the eleven months ended May 31, 2014, in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2015 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.

November 6, 2015

Wegmann Parrot & Company

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

May 31, 2015 and May 31, 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 308,581	\$ 97,533
Prepaid expenses	<u>17,660</u>	<u>7,782</u>
Total current assets	326,241	105,315
Property and equipment, at cost less accumulated depreciation	<u>898,266</u>	<u>977,985</u>
Total assets	<u><u>\$ 1,224,507</u></u>	<u><u>\$ 1,083,300</u></u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 54,700	\$ 59,688
Due to affiliate	7,494	60,014
Accrued payroll liabilities	30,058	21,925
Deferred revenue	<u>67,804</u>	<u>55,804</u>
Total current liabilities	160,056	197,431
Other liability	<u>-</u>	<u>246,822</u>
Total liabilities	<u>160,056</u>	<u>444,253</u>
NET ASSETS		
Net assets		
Unrestricted	914,451	639,047
Temporarily restricted	<u>150,000</u>	<u>-</u>
Total net assets	<u>1,064,451</u>	<u>639,047</u>
Total liabilities and net assets	<u><u>\$ 1,224,507</u></u>	<u><u>\$ 1,083,300</u></u>

See Accompanying Notes to Financial Statements.

BOYS & GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.

STATEMENT OF ACTIVITIES

For the Year Ended May 31, 2015

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Total</u>
Revenues			
Contributions	\$ 794,958	\$ 150,000	\$ 944,958
Allocation from United Way	7,429	24,400	31,829
Membership dues	14,604	-	14,604
Program service fees	88,576	-	88,576
Grants and contracts	385,777	37,000	422,777
Other income	15,697	-	15,697
Net assets released from restrictions	<u>61,400</u>	<u>(61,400)</u>	<u>-</u>
Total revenue	<u>1,368,441</u>	<u>150,000</u>	<u>1,518,441</u>
Expenses			
Program services			
Social Development	804,772	-	804,772
Supporting services			
General and administrative	240,720	-	240,720
Fundraising	<u>47,545</u>	<u>-</u>	<u>47,545</u>
Total expenses	<u>1,093,037</u>	<u>-</u>	<u>1,093,037</u>
Change in net assets	275,404	150,000	425,404
Net assets			
Beginning of year	<u>639,047</u>	<u>-</u>	<u>639,047</u>
End of year	<u>\$ 914,451</u>	<u>\$ 150,000</u>	<u>\$ 1,064,451</u>

See Accompanying Notes to Financial Statements.

BOYS & GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.

STATEMENT OF ACTIVITIES

For the Eleven Months Ended May 31, 2014

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Total</u>
Revenues			
Contributions	\$ 233,299	\$ -	\$ 233,299
Allocation from United Way	41,040	-	41,040
Membership dues	9,439	-	9,439
Program service fees	13,081	-	13,081
Grants and contracts	213,016	50,377	263,393
Other income	26,948	-	26,948
Net assets released from restrictions	50,377	(50,377)	-
Total revenue	<u>587,200</u>	<u>-</u>	<u>587,200</u>
Expenses			
Program services			
Social Development	711,861	-	711,861
Supporting services			
General and administrative	137,752	-	137,752
Fundraising	14,264	-	14,264
Total expenses	<u>863,877</u>	<u>-</u>	<u>863,877</u>
Change in net assets	(276,677)	-	(276,677)
Net assets			
Beginning of year	<u>915,724</u>	<u>-</u>	<u>915,724</u>
End of year	<u>\$ 639,047</u>	<u>\$ -</u>	<u>\$ 639,047</u>

See Accompanying Notes to Financial Statements.

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

For the Year Ended May 31, 2015

	Social Development	General and Administrative	Fundraising	Total Expenses
Auto expense	\$ 1,829	\$ -	\$ -	\$ 1,829
Building maintenance	48,128	-	-	48,128
Board expense	70	-	-	70
Depreciation	79,719	-	-	79,719
Dues and subscriptions	4,557	-	-	4,557
Employee benefits	20,710	5,378	-	26,088
Equipment repairs	6,047	-	-	6,047
Fundraising	-	-	47,545	47,545
Insurance	69,198	11,333	-	80,531
Other expense	1,209	7,866	-	9,075
Parking and tolls	-	60	-	60
Payroll taxes	30,506	11,574	-	42,080
Postage and delivery	1,089	1,589	-	2,678
Printing and reproduction	2,685	529	-	3,214
Professional fees	7,450	3,524	-	10,974
Program supplies	36,256	3,366	-	39,622
Rent expense	10,486	1,826	-	12,312
Salaries	367,172	181,065	-	548,237
Software	1,129	290	-	1,419
Technology expense	61,955	7,654	-	69,609
Telephone	2,807	1,076	-	3,883
Training and membership	1,349	2,406	-	3,755
Transportation	3,285	718	-	4,003
Utilities	47,136	96	-	47,232
Total expenses	\$ 804,772	\$ 240,720	\$ 47,545	\$ 1,093,037

See Accompanying Notes to Financial Statements.

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

For the Eleven Months Ended May 31, 2014

	Social Development	General and Administrative	Fundraising	Total Expenses
Auto expense	\$ 2,754	\$ -	\$ -	\$ 2,754
Building maintenance	24,164	-	-	24,164
Depreciation	76,123	-	-	76,123
Dues and subscriptions	4,893	64	-	4,957
Employee benefits	12,059	1,852	-	13,911
Equipment repairs	1,703	91	-	1,794
Fundraising	-	-	14,264	14,264
Insurance	60,385	2,857	-	63,242
Other expense	1,803	5,120	-	6,923
Parking and tolls	89	440	-	529
Payroll taxes	28,605	4,425	-	33,030
Postage and delivery	284	166	-	450
Printing and reproduction	430	-	-	430
Professional fees	6,402	1,776	-	8,178
Program supplies	28,805	6,241	-	35,046
Rent expense	6,995	1,206	-	8,201
Salaries	353,912	96,183	-	450,095
Software	870	1,092	-	1,962
Technology expense	42,223	13,177	-	55,400
Telephone	7,083	492	-	7,575
Training and membership	5,409	2,009	-	7,418
Transportation	1,630	-	-	1,630
Utilities	45,240	561	-	45,801
Total expenses	\$ 711,861	\$ 137,752	\$ 14,264	\$ 863,877

See Accompanying Notes to Financial Statements.

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

For the Year Ended May 31, 2015 and the Eleven Months Ended June 30, 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 425,404	\$ (276,677)
Adjustments to reconcile change in net assets to net cash provided (used) operating activities:		
Depreciation	79,719	76,123
Decrease (increase) in operating assets:		
Receivables	-	143,084
Prepaid expenses	(9,878)	4,276
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	3,145	(25,593)
Deferred revenue	12,000	51,627
Due to affiliate	(52,520)	6,140
Other liabilities	(246,822)	-
Net cash provided (used) by operating activities	<u>211,048</u>	<u>(21,020)</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(3,579)
Net cash used by investing activities	<u>-</u>	<u>(3,579)</u>
Net increase (decrease) in cash	211,048	(24,599)
Cash and cash equivalents at beginning of year	<u>97,533</u>	<u>122,132</u>
Cash and cash equivalents at end of year	<u>\$ 308,581</u>	<u>\$ 97,533</u>

See Accompanying Notes to Financial Statements.

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

For the Year Ended May 31, 2015 and the Eleven Months Ended May 31, 2014

1) Nature of activities

Boys & Girls Clubs of Southeast Louisiana, Inc. (the "Organization") is a non-profit organization established in 1965 to provide programs and services to enhance the development of boys and girls in Southeast Louisiana. The Clubs offer diversified program activities to instill character and leadership development, education and career development, health and life skills, the arts, sports, fitness, and recreation. Boys & Girls Clubs of Southeast Louisiana, Inc. is an affiliate member of the Boys & Girls Clubs of America.

2) Summary of significant accounting principles

Significant accounting policies are summarized below.

a) Financial statement presentation

The Organization's policy is to prepare its financial statements on the accrual basis of accounting, which recognizes all revenues and the related assets when earned and all expenses and the related obligations when incurred.

b) Cash and cash equivalents

All cash-related items having a maturity of three months or less from the original maturity date are classified as cash and cash equivalents.

c) Accounts receivable

The Organization writes off uncollectible accounts as they are identified. No amounts were written off in the year ended May 31, 2015 and in the eleven months ended May 31, 2014. 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) 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	30 years
Building improvements	20 years
Pool	5 years
Equipment	3-7 years

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

For the Year Ended May 31, 2015 and the Eleven Months Ended May 31, 2014

2) Summary of significant accounting principles (continued)

f) Description of net assets classification

Financial Accounting Standards Board Accounting Standards Codification “ASC” 958, *Financial Statements for Not-for-Profit Centers*, requires the net assets and changes in net assets be reported for three classifications – permanently restricted, temporarily restricted and unrestricted based on the existence or absence of donor imposed restrictions.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to unrestricted net assets. Funds received with the stipulation that the funds be returned if specified future events fail to occur are accounted for as refundable advances until the conditions have been substantially met.

g) 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.

h) 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 subject to US federal and state income tax examinations by tax authorities for a period of three years from the filing of those returns.

3) Property and equipment

Property and equipment is summarized as follows:

	<u>2015</u>	<u>2014</u>
Buildings and improvements	\$ 1,718,292	\$ 1,718,292
Equipment	508,473	508,473
Pool	320,000	320,000
Land	<u>92,360</u>	<u>92,360</u>
Total cost	2,639,125	2,639,125
Less accumulated depreciation	<u>1,740,859</u>	<u>1,661,140</u>
Property and equipment	<u>\$ 898,266</u>	<u>\$ 977,985</u>

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

For the Year Ended May 31, 2015 and the Eleven Months Ended May 31, 2014

4) Operating leases

The Organization leases space for its administration office. The lease payments are \$1,200 per month. Future minimum lease payments under this agreement total \$10,800 for the year ended May 31, 2016.

5) 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 year ended May 31, 2015 and for the eleven months ended May 31, 2014.

6) Restrictions on net assets

The Organization was awarded a grant in 2015 and the funds were designated for the refurbishment of the Covington location.

Temporarily restricted net assets at May 31, 2015 consisted of the following grants:

	<u>2015</u>
Chevron Products Company	\$ 150,000

7) Federal financial assistance

In 2015 and 2011, 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. Grant activity for the year ended May 31, 2015 and the eleven months ended May 31, 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Grant receipts	\$ 14,138	\$ 51,790
Grant expenditures	14,138	51,790
Due from grant at end of year	\$ -	\$ -

8) Due to affiliate

At May 31, 2015 and 2014, the Organization had \$7,494 and \$60,014, 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 \$8,493 and \$6,023 for the year ended May 31, 2015 and for the eleven months ended June 30, 2014, respectively.

9) Subsequent events

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.



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, 2015, 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 6, 2015.

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.

November 6, 2015
Metairie, Louisiana

Wegmann Daret & Company

BOYS & GIRLS CLUBS OF SOUTHEAST LOUISIANA, INC.
SUMMARY OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEADS
For the Year Ended May 31, 2015

SUMMARY OF COMPENSATION

Keila Stovall
CEO

Purpose	Amount
Salary	\$ 92,308
Benefits-insurance	\$ 1,860
Conference registration	\$ 625
Parking	\$ 60
Per diem / Meals	\$ 150
Travel	\$ 2,230