



**BOYS & GIRLS CLUBS
OF LANIER**

BOYS & GIRLS CLUBS OF LANIER, INC.
GAINESVILLE, GEORGIA
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
December 31, 2018 and 2017

BOYS & GIRLS CLUBS OF LANIER, INC.
GAINESVILLE, GEORGIA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Boys & Girls Clubs of Lanier, Inc.
Gainesville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the Boys & Girls Clubs of Lanier, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, statements of functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 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 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 the Boys & Girls Clubs of Lanier, Inc. 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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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 not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2019, on our consideration of Boys & Girls Clubs of Lanier, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boys & Girls Clubs of Lanier, Inc.'s internal control over financial reporting and compliance.

Alexander, Almand & Bangs, LLP

Alexander, Almand and Bangs, LLP
Gainesville, Georgia
March 26, 2019

BOYS & GIRLS CLUBS OF LANIER, INC.
STATEMENTS OF FINANCIAL POSITION

	For The Years Ended December 31,	
	2018	2017
ASSETS		
CURRENT ASSETS		
Cash, without donor restrictions	\$ 98,613	\$ 248,540
Cash, without donor restrictions - board designated	238,011	200,795
Cash, with donor restrictions	65,976	109,479
Net contributions receivable, current portion	308,735	148,685
Grants receivable	371,689	257,241
Prepaid insurance	21,281	5,037
Total current assets	1,104,305	969,777
NON-CURRENT ASSETS		
Property and equipment, net	4,059,263	4,059,263
Less: accumulated depreciation	1,610,677	1,488,778
Total property and equipment, net	2,448,586	2,570,485
Contributions receivable, net of current portions and discounts	217,820	-
Investments	218,410	223,902
Total non-current assets	2,884,816	2,794,387
TOTAL ASSETS	\$ 3,989,121	\$ 3,764,164
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 19,896	\$ 62,134
Accrued expenses	13,817	15,627
Total current liabilities	33,713	77,761
NET ASSETS		
Without donor restrictions	3,387,499	3,406,924
With donor restrictions	567,909	279,479
Total net assets	3,955,408	3,686,403
TOTAL LIABILITIES AND NET ASSETS	\$ 3,989,121	\$ 3,764,164

The accompanying notes are an integral part of these statements.

BOYS & GIRLS CLUBS OF LANIER, INC.
STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Support, other than special events:			
Contributions and pledges	\$ 132,709	\$ 727,986	\$ 860,695
Grants, contracts and foundations	2,460,644	-	2,460,644
Contributions discounts amortized	-	9,467	9,467
Total support other than special events	<u>2,593,353</u>	<u>737,453</u>	<u>3,330,806</u>
Special events:			
Special event revenue	470,828	-	470,828
Direct benefits to donors	(36,455)	-	(36,455)
Net support from special events	<u>434,373</u>	<u>-</u>	<u>434,373</u>
Membership dues and league program fees	280,686	-	280,686
Interest and dividend income	12,384	-	12,384
Net gain (loss) on investments	(14,270)	-	(14,270)
Other income	1,536	-	1,536
Donations in kind	<u>419,844</u>	<u>-</u>	<u>419,844</u>
Total revenues, gains and other support	3,727,906	737,453	4,465,359
Net assets released from restrictions:			
Satisfaction of Donor Restrictions	<u>449,023</u>	<u>(449,023)</u>	<u>-</u>
Total revenues, gains and other support	<u>4,176,929</u>	<u>288,430</u>	<u>4,465,359</u>
EXPENSES			
Program services	3,545,529	-	3,545,529
Management and general	400,309	-	400,309
Fundraising	<u>250,516</u>	<u>-</u>	<u>250,516</u>
Total expenses	<u>4,196,354</u>	<u>-</u>	<u>4,196,354</u>
INCREASE (DECREASE) NET ASSETS	(19,425)	288,430	269,005
NET ASSETS, beginning of year	<u>3,406,924</u>	<u>279,479</u>	<u>3,686,403</u>
NET ASSETS, end of year	<u>\$ 3,387,499</u>	<u>\$ 567,909</u>	<u>\$ 3,955,408</u>

The accompanying notes are an integral part of these statements.

BOYS & GIRLS CLUBS OF LANIER, INC.
STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2017		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 279,227	\$ 9,479	\$ 288,706
2,136,159	150,000	2,286,159
-	-	-
2,415,386	159,479	2,574,865
340,581	100,000	440,581
(35,206)	-	(35,206)
305,375	100,000	405,375
163,389	-	163,389
4,045	-	4,045
27,380	-	27,380
14,726	-	14,726
293,097	-	293,097
3,223,398	259,479	3,482,877
26,551	(26,551)	-
3,249,949	232,928	3,482,877
2,987,405	-	2,987,405
358,279	-	358,279
238,535	-	238,535
3,584,219	-	3,584,219
(334,270)	232,928	(101,342)
3,741,194	46,551	3,787,745
\$ 3,406,924	\$ 279,479	\$ 3,686,403

BOYS & GIRLS CLUBS OF LANIER, INC.
STATEMENTS OF CASH FLOWS

	For The Year Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 269,005	\$ (101,342)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in discounts applied to contributions receivable	(9,467)	-
Depreciation	121,899	124,912
Net unrealized and realized (gains) loss on investments	5,492	(28,964)
Change in assets and liabilities:		
(Increase) / decrease in:		
Contributions receivable	(368,403)	(58,159)
Grants receivable	(114,448)	65,845
Prepaid insurance	(16,244)	(256)
Increase / (decrease) in:		
Accounts payable	(42,238)	34,755
Accrued expenses	(1,810)	1,298
	<u>(156,214)</u>	<u>38,089</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(2,730)
	<u>-</u>	<u>(2,730)</u>
Net increase (decrease) in cash and cash equivalents	(156,214)	35,359
CASH AND CASH EQUIVALENTS, beginning of year	<u>558,814</u>	<u>523,455</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 402,600</u>	<u>\$ 558,814</u>
Cash, without donor restrictions	\$ 98,613	\$ 248,540
Cash, without donor restrictions - board designated	238,011	200,795
Cash, with donor restrictions	<u>65,976</u>	<u>109,479</u>
	<u>\$ 402,600</u>	<u>\$ 558,814</u>

The accompanying notes are an integral part of these statements.

BOYS & GIRLS CLUBS OF LANIER, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

	Program	Management & General	Fundraising	Totals
Advertising	\$ -	\$ -	\$ 5,611	\$ 5,611
Bad debts and write offs	-	2,298		2,298
Conferences and training	16,724	8,303	-	25,027
Dues and subscriptions	-	28,269	-	28,269
Employee expense	74,202	36,298	29,012	139,512
Event expenses	-	-	80,661	80,661
Insurance	29,911	17,665	13,978	61,554
League sports	7,894	-	-	7,894
Maintenance	71,838	2,374	-	74,212
Miscellaneous expense	-	1,169	-	1,169
Office supplies	13,325	11,138	-	24,463
Payroll taxes	147,048	13,940	10,540	171,528
Postage	-	2,510	2,275	4,785
Printing and publication	171	5,540	11,770	17,481
Professional fees	304,597	88,597	9,054	402,248
Program supplies	227,692	8,122	1,618	237,432
Retirement	22,633	2,396	1,598	26,627
Salaries and wages	1,768,882	159,840	120,854	2,049,576
Telephone	14,383	-	-	14,383
Travel expense	236,212	11,850	-	248,062
Utilities	68,274	-	-	68,274
Depreciation	121,899	-	-	121,899
Donations in kind	419,844	-	-	419,844
TOTAL EXPENSES	<u>\$ 3,545,529</u>	<u>\$ 400,309</u>	\$ 286,971	\$ 4,232,809
Direct benefits to donors			<u>(36,455)</u>	<u>(36,455)</u>
			<u>\$ 250,516</u>	<u>\$ 4,196,354</u>

The accompanying notes are an integral part of these statements.

BOYS & GIRLS CLUBS OF LANIER, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2017

Program	Management & General	Fundraising	Totals
\$ 2,540	\$ -	\$ 19,510	\$ 22,050
-	12,290	-	12,290
19,320	18,274	-	37,594
-	24,222	-	24,222
56,099	27,485	20,635	104,219
-	-	59,528	59,528
25,738	17,546	11,767	55,051
9,888	-	-	9,888
38,705	7,690	-	46,395
-	917	-	917
10,732	10,848	-	21,580
114,066	12,760	9,647	136,473
-	3,872	3,739	7,611
6,831	2,612	2,316	11,759
377,842	57,695	34,390	469,927
187,948	3,168	1,971	193,087
22,194	2,238	1,692	26,124
1,423,680	143,561	108,546	1,675,787
14,285	-	-	14,285
185,966	13,101	-	199,067
73,562	-	-	73,562
124,912	-	-	124,912
293,097	-	-	293,097
<u>\$ 2,987,405</u>	<u>\$ 358,279</u>	<u>\$ 273,741</u>	<u>\$ 3,619,425</u>
		<u>(35,206)</u>	<u>(35,206)</u>
		<u>\$ 238,535</u>	<u>\$ 3,584,219</u>

BOYS & GIRLS CLUBS OF LANIER, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018 and 2017

Note 1 – NATURE OF THE ORGANIZATION

The Boys & Girls Clubs of Lanier, Inc. (the "Organization"), was originally founded in 1954 with humble beginnings, but has become a tremendous resource for area youth over the years. Early leaders saw the need for a fun and safe place for children and quickly began laying the foundations to meet that need. In the 64 years of operation, the Organization has grown from a single Boys Club to fifteen sites of the Boys & Girls Clubs in Hall County and surrounding areas, successfully serving nearly 1000 children ages 5-18 daily. In addition, the Boys & Girls Clubs of Lanier, Inc., has recently been recognized as one of the top three Boys & Girls Clubs within the State of Georgia. The Organization operates as a community based, not-for-profit tax exempt 501(c)(3) organization.

The Organization serves children by fulfilling its mission: to inspire and enable all young people, especially those that need us most, to realize their full potential as productive, responsible and caring citizens. The Organization believes that every child, no matter how challenging their life circumstances may be, deserves a chance to be great. In addition, the Organization strives to provide a world class club experience that assures success is within reach of every young person who enters the doors, with all members on tract to graduate from high school with a plan for the future, demonstrating good character and citizenship, and living a healthy lifestyle. The five key elements the Boys & Girls Clubs of Lanier, Inc., uses to accomplish this are:

A safe, positive environment: The Club is a safe haven where members feel physically and emotionally secure at all times;

Fun: The Club facility, staff and program offerings create a welcoming, positive environment that allows members to engage in play, enjoy their play time and be happy and eager to come to the club;

Supportive relationships: The club ensures that every young person feels connected to one or more adults and has friendships with peers;

Opportunities and expectations: Club staff and programs consistently communicate the expectation that every child has the potential to excel, be productive and succeed at the Club and in life;

Recognition: The Club takes every opportunity to recognize and validate club members' achievements and accomplishments.

Note 2 – SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in conformity with principles generally accepted in the United States of America. The accrual basis of accounting allows for revenues to be recognized when earned and expenses to be recognized when goods or services are received, without regard to the receipt or payment of cash. Under the accrual basis of accounting, the statements reflect all significant accounts receivable, accounts payable and other accruals.

Financial Statement Presentation

Accounting standards require the Organization to report information regarding its financial position and activities by net asset class. In order to ensure the observance of restrictions placed on the use of resources, the accounts of the Organization are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and the changes therein are classified and reported as follows:

Net Assets without Donor Restrictions which have no donor-imposed restrictions and are fully available at the discretion of the Organization's management and board of directors to utilize in any of its programs or supporting services.

BOYS & GIRLS CLUBS OF LANIER, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018 and 2017

Note 2 – SUMMARY OF ACCOUNTING POLICIES (CONT'D)

Net Assets with Donor Restrictions are subject to donor-imposed restrictions that will be met by actions of the Organization and/or the passage of time or those which do not expire.

Restriction Met or Time Expires

When a donor restriction is met or otherwise expires by passage of time, net assets with donor-imposed restrictions are reclassified to net assets without donor restrictions is reported in the statement of activities as net assets released from restriction.

Cash and Cash Equivalents

The Organization considers cash and cash equivalents to include amounts on deposit in banks and highly liquid investments with an initial maturity of three months or less when acquired. Restricted cash consists of funds from donors or grants in separate accounts to be used for capital expenditures, improvements or to fund various programs of the Organization as specified by certain grants and contracts.

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for income taxes. There was no unrelated business income for the years ending December 31, 2018 or 2017. Management has considered uncertain tax positions and believes there are no unrecognized tax benefits or obligations in the open tax years.

Property and Equipment

Property and equipment are carried at cost. The general capitalization policy for the Organization is to capitalize assets with a useful life that is greater than three years and the cost at the date of acquisition is greater than \$ 2,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life is expensed in the period incurred and therefore is not capitalized. Depreciation is computed using the straight line method over the following estimated useful lives of the assets:

Buildings and Improvements	15 - 40	years
Equipment	3 - 40	years
Furniture and Fixtures	5 - 10	years
Vehicles	5 - 10	years

Recognition of Donated Support

Non-cash donation of assets, property and equipment, are recorded as contributions at estimated fair market value at the date of donation. These donations are reported as increases in net assets without donor restrictions, unless donor-imposed restrictions apply. If donor-imposed restrictions apply, donated assets, property and equipment are reported as increases in net assets with donor restrictions. Donated assets are released from restriction on the Statement of Activities as net assets released from restriction, with either the passage of time or satisfaction of the donor-imposed conditions. No non-cash donations of property and equipment were received during the fiscal years 2018 or 2017.

Cash and cash equivalent contributions are reported as an increase in net assets on the Statement of Activities as revenues. Contributions are considered without restriction, unless the donor imposes a condition with the contribution. If a restriction applies, it is reported as net assets with donor restrictions. When conditions are met or otherwise expire by the passage of time, net assets with donor restrictions contributions are released to net assets without donor restrictions.

BOYS & GIRLS CLUBS OF LANIER, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018 and 2017

Note 2 – SUMMARY OF ACCOUNTING POLICIES (CONT'D)

Recognition of Grant and Program Revenues

Program fees are recorded as earned. The Organization receives grant revenue primarily from federal and state agencies as well as other local grantors. Grant revenue is recorded when awarded or available by meeting certain requirements, as stated in the terms of the grant contract. Recognition is determined on a grant by grant basis.

Promises to Give

Promises to give (contributions) are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires on a net asset with donor restriction, it is reclassified to a net asset without donor restriction.

Contributions that are due in more than one year are reflected as long-term contributions and are recorded at the present value of their estimated future cash flows, using treasury yield interest rates applicable to the years in which the promises are received to discount the amounts.

Contributions of donated services (in-kind donations) are recorded at estimated fair value in the period received.

Advertising Expense

Advertising costs are expensed as incurred.

Functional Allocation of Expenses

Expenses are reported as decreases in net assets whether incurred to satisfy a donor's restriction or not. The costs of programs, management and special events are presented in summary in the Statement of Activities and in more detail on the Statement of Functional Expenses. The Statement of Activities and Statement of Functional Expenses report certain categories of expenses that are attributable to more than one program or function.

The Organization's expenses are allocated based on the direct cost associated with the service, being either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These include salaries & wages and employee benefits for accounting and other certain staff and are allocated based on time and effort to certain functions. Management and general expenses include expenditures that are not directly identifiable to a specific program, fundraising, or development activity. Fundraising expenses are those expenditures directly associated with an activity as well as some personnel and other direct costs to carry out the activities.

Reclassifications

Certain prior year balances have been reclassified to conform to the current year and prior year presentation.

New Accounting Pronouncement

On August 18, 2016, Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. The update addresses the complexity and understanding 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 Boys & Girls Clubs of Lanier, Inc., has adjusted the presentation of these statements accordingly. The ASU had been applied retrospectively to all periods presented.

BOYS & GIRLS CLUBS OF LANIER, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018 and 2017

Note 2 – SUMMARY OF ACCOUNTING POLICIES (CONT'D)

Estimates

In preparing the financial statement in conformity with accounting principles generally accepted in the United States of America, the Organization is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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 estimated. Significant estimates and assumptions include the depreciation of fixed assets, the allowance for uncollectible contributions receivable, discount for contributions receivable, and the fair market value of non-cash donations.

Investments

The Organization has adopted FASB ASC No. 958-320, Accounting for Certain Investments Held by Not-For-Profit Organizations. Under FASB ASC No. 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Statement of Financial Position. Net realized and unrealized gains/losses on investments are reflected on the Statement of Activities.

Note 3 – CASH FLOW INFORMATION

In-kind donations received for supplies, club locations and services totaled \$ 419,844 and \$ 293,097 for the years ending December 31, 2018 and 2017, respectively. To reflect the cost associated with the in-kind donations, in-kind expenses are included in program service expense on the Statement of Functional Expenses. The Organization incurred no interest payments or non-cash financing transactions for the year.

Cash and cash equivalents in the amounts of \$ 238,011 and \$ 200,795 as of December 31, 2018 and 2017, respectively, are all without donor restrictions but designated for specific programs by the board of directors. As of December 31, 2018 and 2017, respectively, there was \$ 65,976 and \$ 109,479 restricted by donors to fund programs for subsequent years or special projects.

Note 4 – Availability and Liquidity

The following represents Boys & Girls Clubs of Lanier's financial assets at December 31, 2018:

Financial assets at year end:	2018
Cash and cash equivalents	\$ 402,600
Contributions receivable, net (current)	308,735
Grants receivable	371,689
Investments	218,410
Total financial assets	<u>1,301,434</u>
Less amounts not available to be used within one year:	
Board designated net assets	
Cash designated for specific programs	238,011
Board designated endowment	203,597
Total board designated net assets	<u>441,608</u>
Net assets with donor restrictions	567,909
	<u>1,009,517</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 291,917</u></u>

BOYS & GIRLS CLUBS OF LANIER, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018 and 2017

Note 4 – AVAILABILITY AND LIQUIDITY (CONT'D)

As of December 31, 2018, certain portions of the Organization's total financial assets are not available to be used within one year due to either 1) designations by the board of directors for special projects, or 2) restrictions placed on the financial assets by the donor at the time of contribution. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, in the event of an unanticipated liquidity need, the board could draw upon the assets in which they have designated for specific purposes.

As part of the Organization's current liquidity management plan, the Organization has a goal to maintain financial assets to meet six months normal operating expenses, which are on average, approximately \$314,709 per month.

Note 5 – INVESTMENTS

The organization applies Accounting Standards Codification (ASC) Number 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets. The framework established by ASC No. 820, estimates the fair value of the financial assets based on three levels of valuation. The investment assets of the Boys & Girls Clubs of Lanier are all measured at Level I of the fair value measurement framework. Level I valuations are based on unadjusted market prices for identical assets or liabilities in accessible and active markets. As of December 31, the Level I investments for the Boys & Girls Clubs of Lanier consisted of the following:

	2018	2017
Cash value of life insurance policy	\$ 14,813	\$ 14,045
Board designated endowment	203,597	209,857
Total investments	\$ 218,410	\$ 223,902

The investments are Board Designated and therefore considered without donor restriction and included in net assets without donor restrictions on the Statement of Financial Position. In addition, any realized and unrealized gains or losses and dividends or interest, are included in the Statement of Activities as increases or decreases in net assets without donor restrictions.

Note 6 – BOARD DESIGNATED ENDOWMENT INVESTMENT

In 2011, a board designated endowment fund resolution was completed with the North Georgia Community Foundation. The Community Foundation's purpose is intended to provide an additional level of care and skill which assists in the appreciation of the funds that they manage. In addition, the Community Foundation provides accountability toward the use of any assets disbursed from the endowment investment.

Distributions from the endowment fund shall be spent only for the following purposes: general operations, program expenses, capital expenditures, or any other projects deemed appropriate by the Boys & Girls Clubs of Lanier as set out in its articles of incorporation.

All requests for distributions from the endowment fund shall be requested by both the Chief Executive Officer and the President of the Boys & Girls Clubs of Lanier, only after prior approval of the board of directors. Distributions in excess of the determined spending amount that will invade the fund's corpus must be approved by a majority vote of a quorum of the board of directors of the Boys & Girls Clubs of Lanier, Inc. In addition, the Boys & Girls Clubs of Lanier interprets and follows the applicable laws and regulations that accompany endowment funds.

The finance committee of the Boys & Girls Clubs of Lanier, Inc. shall monitor the performance of the endowment fund on a quarterly basis, and the chairperson of the finance committee shall present a report at least annually to the Boys & Girls Clubs of Lanier's board. These guidelines may be ratified or amended at any time by a 70% vote of a quorum of the board of directors.

BOYS & GIRLS CLUBS OF LANIER, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018 and 2017

Note 6 – BOARD DESIGNATED ENDOWMENT INVESTMENT (CONT'D)

The Organization did not authorize any disbursements from, receive any contributions or transfer any funds toward the endowment investment during the years ending December 31, 2018 or 2017. Changes in the unrestricted endowment investment consisted of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Endowment investment, beginning of year	\$ 209,857	\$ 181,379
Investment return:		
Interest and dividend income	11,122	3,674
Net realized and unrealized gains	<u>(15,034)</u>	<u>26,895</u>
Total investment return	(3,912)	30,569
Fee disbursement	<u>(2,348)</u>	<u>(2,091)</u>
Endowment investment, end of year	<u>\$ 203,597</u>	<u>\$ 209,857</u>

Note 7 – CONTRIBUTIONS, PLEDGES AND GRANTS RECEIVABLE

Contributions and pledges receivable are as follows for the years ending December 31:

	<u>2018</u>	<u>2017</u>
United Way	\$ 174,806	\$ 40,000
Capital campaign pledges	131,448	-
Futures 4 Kids	650	102,500
Other contributions	2,746	7,100
Allowance for uncollectible promises	<u>(915)</u>	<u>(915)</u>
Net contributions receivable, current portion	<u>308,735</u>	<u>148,685</u>
Amounts due in more than one year:		
United Way	67,403	-
Capital campaign pledges	<u>164,317</u>	<u>-</u>
	231,720	-
Less discount on pledges	<u>(13,900)</u>	<u>-</u>
Net contributions receivable, long-term	<u>217,820</u>	<u>-</u>
Total contributions receivable	<u>\$ 526,555</u>	<u>\$ 148,685</u>

Of the amounts due in more than one year, \$ 149,686 is due by December 31, 2020 and \$ 82,034 is due by December 31, 2021.

Donors' promises to give due in more than one year are recognized at the present value of their estimated future cash flows using a discount rate between 2.57% and 2.83%, dependent upon the date the donor made the promise to give.

BOYS & GIRLS CLUBS OF LANIER, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018 and 2017

Note 7 – CONTRIBUTIONS RECEIVABLE AND GRANTS RECEIVABLE (CONT'D)

Grants receivable consist of the following:

	2018	2017
21st Century Community Learning Centers	\$ 276,436	\$ 156,632
Georgia Alliance of Boys & Girls Clubs	50,998	56,875
OJP Mentoring	11,609	8,805
CACFP	2,646	-
Boys & Girls Clubs of America	30,000	34,929
Total	\$ 371,689	\$ 257,241

All grants receivable are expected to be collected in the next 60 days.

Note 8 – PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of December 31:

	2018	2017
Land and improvements	\$ 603,820	\$ 603,820
Buildings and improvements	2,975,442	2,975,442
Equipment	295,708	295,708
Furniture and fixtures	65,528	65,528
Vehicles	118,765	118,765
Total	4,059,263	4,059,263
Accumulated depreciation	(1,610,677)	(1,488,778)
Total property and equipment	\$ 2,448,586	\$ 2,570,485

Depreciation expense was \$ 121,899 for 2018 and \$ 124,912 for 2017.

Note 9 – SIGNIFICANT CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents in several financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures the balances in interest-bearing accounts up to \$ 250,000 per institution. As of December 31, 2018 and 2017, the Organization's uninsured cash balances accounts totaled \$ -0- and \$ 77,339 respectively.

Note 10 – COMPENSATED ABSENCES

Full-time employees accumulate sick leave at the rate of ½ day per month and vacation time based on length of service. Beginning in 2018, only 32 hours of vacation time may be carried over to the next year, but must have prior approval from the Chief Executive Officer. In addition, the time earned may not be paid upon separation of employment. The Boys & Girls Clubs of Lanier, Inc., did not accrue any compensated absences for 2018 because the amount is immaterial to the financial statements.

BOYS & GIRLS CLUBS OF LANIER, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018 and 2017

Note 11 – SPECIAL EVENTS

The following special events were held and earned the respective revenues for the years ending December 31:

	2018	2017
Duck Derby	\$ 152,087	\$ 154,366
Futures 4 Kids Gala	265,731	231,275
Holiday Golf Event	53,010	54,940
Total special event revenue	\$ 470,828	\$ 440,581

Note 12 – GRANTS, CONTRACTS AND FOUNDATIONS

Grants and contracts received for the current year are included in net assets without donor restrictions.

Below is a schedule of revenue earned from grants, contracts, and foundations:

	2018	2017
Georgia Alliance - Boys & Girls Clubs of America	\$ 361,120	\$ 328,926
21st Century Grant	1,888,344	1,701,112
Falcons Fitness Zone	100,000	100,000
Boys & Girls Clubs of America - Various Grants	9,488	58,970
CACFP	37,888	22,101
OJP Mentoring	39,004	33,200
Other General Grants	24,800	41,850
	\$ 2,460,644	\$ 2,286,159

Note 13 – EMPLOYEE RETIREMENT PLAN

The Organization is a participant in the retirement plan of the Boys & Girls Clubs of America. The plan is employer funded. The Boys & Girls Clubs of Lanier, Inc., contributes 4% of each eligible employee's salary for the prior year to the plan. Employer contributions for 2018 and 2017 were \$ 26,627 and \$ 26,124, respectively.

Note 14 – CONCENTRATIONS

At December 31, 2018, 50% of the Organization's revenue came from two granting agencies (21st Century and Georgia Alliance) and 9% of the Organization's revenue came from the Duck Derby and Futures 4 Kids special events held during the year. At December 31, 2017, 58% of the Organization's revenue came from two granting agencies (21st Century and Georgia Alliance) and 14% of the Organization's revenue came from the Duck Derby and Futures 4 Kids special events.

Note 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 26, 2019, the date the financial statements were available to be issued.

SINGLE AUDIT REPORTING PACKAGE
of
BOYS & GIRLS CLUBS OF LANIER, INC.

P.O. Box 691
Gainesville, GA 30503
FEIN 58-0656890
FOR THE YEAR ENDED
December 31, 2018

BOYS & GIRLS CLUBS OF LANIER, INC.
GAINESVILLE, GEORGIA

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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

To the Board of Directors
Boys & Girls Clubs of Lanier, Inc.
Gainesville, Georgia

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 the Boys & Girls Clubs of Lanier, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018 and the related statement of activities, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated March 26, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Boys & Girls Clubs of Lanier, 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 Boys & Girls Clubs of Lanier, Inc.'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 the Boys & Girls Clubs of Lanier, Inc.'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*.

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 entity'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 Boys & Girls Clubs of Lanier, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alexander, Almand & Bangs, LLP

Alexander, Almand and Bangs, LLP
Gainesville, Georgia
March 26, 2019

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

To the Board of Directors
Boys & Girls Clubs of Lanier, Inc.
Gainesville, Georgia

Report on Compliance for Each Major Federal Program

We have audited the Boys & Girls Clubs of Lanier, Inc.'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 the Boys & Girls Clubs of Lanier, Inc.'s major federal programs for the year ended December 31, 2018. The Boys & Girls Clubs of Lanier, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Boys & Girls Clubs of Lanier, Inc.'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 the Boys & Girls Clubs of Lanier'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 the Boys & Girls Clubs of Lanier, Inc.'s compliance.

Opinion on Each Major Program

In our opinion, the Boys & Girls Clubs of Lanier, Inc. 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 programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of the Boys & Girls Clubs of Lanier, Inc. 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 Boys & Girls Clubs of Lanier, Inc.'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 the Boys & Girls Clubs of Lanier, Inc.'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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Boys & Girls Clubs of Lanier, Inc. as of and for the year ended December 31, 2018, and have issued our report thereon dated March 26, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Alexander, Almand & Bangs, LLP

Alexander, Almand and Bangs, LLP
Gainesville, Georgia
March 26, 2019

BOYS & GIRLS CLUBS OF LANIER, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Grantors and Pass-Through Grants' Number	CFDA Number	Federal Amount Expended
Department of Education			
21st Century Community Learning Centers Program	PP1 21st CCLC Grant 17/18-454-0000-7	84.287	\$ 348,916
21st Century Community Learning Centers Program	Fair St. 21st CCLC Grant 17/18-454-0000-3	84.287	328,234
21st Century Community Learning Centers Program	PP2 21st CCLC Grant 17/18-454-0000-4	84.287	335,812
21st Century Community Learning Centers Program	Teen 21st CCLC Grant 17/18-454-0000-5	84.287	254,226
21st Century Community Learning Centers Program	Walters 21st CCLC Grant 17/18-454-0000-6	84.287	385,833
21st Century Community Learning Centers Program	Tadmore 21st CCLC Grant 17/18-454-0000-8	84.287	<u>235,323</u>
			<u>1,888,344</u> (1)
Department of Health & Human Services			
Passed through Georgia Alliance of Boys & Girls Club, Inc.			
Dept. of Human Services, State of GA Grant YEP	42700-040-0000065032	93.558	18,446
Dept. of Human Services, State of GA Grant 2017-2018	42700-040-0000065032	93.558	237,668
Dept. of Human Services, State of GA Grant 2018-2019	01-0557882	93.558	<u>105,006</u>
			<u>361,120</u> (2)
Department of Agriculture			
Child and Adult Care Food Program	Unavailable	10.558	<u>37,888</u> (3)
Department of Justice			
Passed through Boys and Girls Clubs of America			
Mentoring in Underserved Communities	OJP 2017-42655	16.726	9,000
Mentoring in Underserved Communities	OJP 2017-42656	16.726	9,000
Mentoring in Underserved Communities	OJP 2017-42657	16.726	9,000
Mentoring in Underserved Communities	OJP 2017-42658	16.726	<u>12,004</u>
			<u>39,004</u> (4)
			<u>\$ 2,326,356</u>

(1) This amount represents the amount of expenditures submitted and approved by the United States Department of Education.

(2) This amount represents the grant payment requests submitted and approved by the Georgia Alliance of Boys & Girls Club, Inc.

(3) This amount represents the grant payment requests submitted and approved by the United States Department of Agriculture.

(4) This amount represents the amount of expenditures submitted and approved by the Boys & Girls Clubs of America.

BOYS & GIRLS CLUBS OF LANIER, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the Boys & Girls Clubs of Lanier, Inc., (the “Organization”) under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected position of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Boys & Girls Clubs of Lanier, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST

Boys & Girls Clubs of Lanier, Inc. has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

BOYS & GIRLS CLUBS OF LANIER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2018

SECTION I – SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unmodified opinion on the financial statements of the Boys & Girls Clubs of Lanier, Inc.
2. The audit found no significant deficiencies in the design or operation of internal control over financial reporting that we consider a reportable condition.
3. The audit found no instances of non-compliance which are material to the financial statements of the Boys & Girls Clubs of Lanier, Inc.
4. The audit disclosed no reportable conditions required to be reported under the Uniform Guidance.
5. The auditors' report expresses an unmodified opinion on compliance for major programs of the Boys & Girls Clubs of Lanier, Inc.
6. The program identified and tested as major federal programs in accordance with the Uniform Guidance:

21 st Century Community Learning Centers	CFDA # 84.287
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7. The threshold used to distinguish between Type A and Type B programs was \$ 582,519.
8. The Boys & Girls Clubs of Lanier, Inc. did qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT (GAGAS):

There were no findings related to the financial statement audit.

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS AUDIT

There were no findings and questioned costs related to the major federal programs.