BOYS & GIRLS CLUBS OF LANIER, INC.
GAINESVILLE, GEORGIA
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
December 31, 2019 and 2018

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, 2019 and 2018, 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

302 Bradford St. NW Gainesville, GA 30501 • (770) 536-0511 • Fax (770) 536-7565 • alexanderalmand.com
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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 24, 2020, 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 24, 2020

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

	For The Years Ended December 31, 2019	For The Years Ended December 31, 2018
ASSETS		
CURRENT ASSETS		
Cash, without donor restrictions	$ 552,230	$ 161,624
Cash, without donor restrictions - board designated	175,000	175,000
Net contributions receivable, current portion	540,957	178,953
Grants receivable	254,732	371,689
Prepaid insurance	8,504	21,281
Cash, with donor restrictions	284,698	65,976
Total current assets	1,816,121	974,523
NON-CURRENT ASSETS		
Property and equipment, net	4,059,263	4,059,263
Less: accumulated depreciation	1,727,394	1,610,677
Total property and equipment, net	2,331,869	2,448,586
Contributions receivable, net of current portions and discounts	733,405	217,820
Investments	256,539	218,410
Total non-current assets	3,321,813	2,884,816
TOTAL ASSETS	$ 5,137,934	$ 3,859,339
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 69,501	$ 19,896
Accrued expenses	86,555	13,817
Total current liabilities	156,056	33,713
NET ASSETS		
Without donor restrictions	3,707,763	3,387,499
With donor restrictions	1,274,115	438,127
Total net assets	4,981,878	3,825,626
TOTAL LIABILITIES AND NET ASSETS	$ 5,137,934	$ 3,859,339

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, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Support, other than special events:			
Contributions and pledges	$ 808,399	$ 1,051,514	$ 1,859,913
Grants, contracts and foundations	2,701,718	-	2,701,718
Contributions discounts amortized	-	16,433	16,433
Total support other than special events	3,510,117	1,067,947	4,578,064
Special events:			
Special event revenue	230,037	-	230,037
Direct benefits to donors	(15,355)	-	(15,355)
Net support from special events	214,682	-	214,682
Membership dues and league program fees	482,588	-	482,588
Interest and dividend income	18,686	-	18,686
Net gain (loss) on investments	29,382	-	29,382
Other income	3,485	-	3,485
Donations in kind	695,510	-	695,510
Total revenues, gains and other support	4,954,450	1,067,947	6,022,397
Net assets released from restrictions:			
Satisfaction of Donor Restrictions	231,959	(231,959)	-
Total revenues, gains and other support	5,186,409	835,988	6,022,397
EXPENSES			
Program services	4,136,070	-	4,136,070
Management and general	417,761	-	417,761
Fundraising	312,314	-	312,314
Total expenses	4,866,145	-	4,866,145
INCREASE (DECREASE) NET ASSETS	320,264	835,988	1,156,252
NET ASSETS, beginning of year (restated)	3,387,499	438,127	3,825,626
NET ASSETS, end of year (restated)	$ 3,707,763	$ 1,274,115	$ 4,981,878

The accompanying notes are an integral part of these statements.

For the Year Ended December 31, 2018		
Without Donor Restrictions	With Donor Restrictions	Total
$ 132,709	$ 598,204	$ 730,913
2,460,644	-	2,460,644
-	9,467	9,467
2,593,353	607,671	3,201,024
470,828	-	470,828
(36,455)	-	(36,455)
434,373	-	434,373
280,686	-	280,686
12,384	-	12,384
(14,270)	-	(14,270)
1,536	-	1,536
419,844	-	419,844
3,727,906	607,671	4,335,577
449,023	(449,023)	-
4,176,929	158,648	4,335,577
3,545,529	-	3,545,529
400,309	-	400,309
250,516	-	250,516
4,196,354	-	4,196,354
(19,425)	158,648	139,223
3,406,924	279,479	3,686,403
$ 3,387,499	$ 438,127	$ 3,825,626

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

	For The Year Ended December 31, 2019	For The Year Ended December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,156,252	$ 269,005
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in discounts applied to contributions receivable	(16,433)	(9,467)
Depreciation	116,717	121,899
Net unrealized and realized (gains) loss on investments	(38,129)	5,492
Change in assets and liabilities:		
(Increase) / decrease in:		
Contributions receivable	(861,156)	(368,403)
Grants receivable	116,957	(114,448)
Prepaid insurance	12,777	(16,244)
Increase / (decrease) in:		
Accounts payable	49,605	(42,238)
Accrued expenses	72,738	(1,810)
Net cash provided by operating activities	609,328	(156,214)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	-
Net cash used in investing activities	-	-
Net increase (decrease) in cash and cash equivalents	609,328	(156,214)
CASH AND CASH EQUIVALENTS, beginning of year	402,600	558,814
CASH AND CASH EQUIVALENTS, end of year	$ 1,011,928	$ 402,600
Cash, without donor restrictions	$ 552,230	$ 161,624
Cash, without donor restrictions - board designated	175,000	175,000
Cash, with donor restrictions	284,698	65,976
	$ 1,011,928	$ 402,600

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, 2019			
	Program	Management & General	Fundraising	Totals
Advertising	$ -	$ -	$ 6,392	$ 6,392
Bad debts and write offs	-	1,491	-	1,491
Conferences and training	10,226	11,741	-	21,967
Dues and subscriptions	-	44,655	-	44,655
Employee expense	62,952	54,768	29,085	146,805
Event expenses	-	-	88,024	88,024
Insurance	30,557	16,954	14,214	61,725
League sports	6,486	-	-	6,486
Maintenance	28,493	2,636	-	31,129
Miscellaneous expense	-	351	-	351
Office supplies	12,410	2,738	-	15,148
Payroll taxes	172,514	16,059	12,142	200,715
Postage	-	1,809	3,370	5,179
Printing and publication	80	3,871	28,820	32,771
Professional fees	308,711	75,433	10,387	394,531
Program supplies	214,239	1,980	743	216,962
Retirement	32,386	3,429	2,286	38,101
Salaries and wages	2,101,998	174,852	132,206	2,409,056
Telephone	13,955	1,085	-	15,040
Travel expense	248,275	3,909	-	252,184
Utilities	80,561	-	-	80,561
Depreciation	116,717	-	-	116,717
Donations in kind	695,510	-	-	695,510
TOTAL EXPENSES	$ 4,136,070	$ 417,761	$ 327,669	$ 4,881,500
Direct benefits to donors			(15,355)	(15,355)
			$ 312,314	$ 4,866,145

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
$ -	$ -	$ 5,611	$ 5,611
-	2,298		2,298
16,724	8,303	-	25,027
-	28,269	-	28,269
74,202	36,298	29,012	139,512
-	-	80,661	80,661
29,911	17,665	13,978	61,554
7,894	-	-	7,894
71,838	2,374	-	74,212
-	1,169	-	1,169
13,325	11,138	-	24,463
147,048	13,940	10,540	171,528
-	2,510	2,275	4,785
171	5,540	11,770	17,481
304,597	88,597	9,054	402,248
227,692	8,122	1,618	237,432
22,633	2,396	1,598	26,627
1,768,882	159,840	120,854	2,049,576
14,383	-	-	14,383
236,212	11,850	-	248,062
68,274	-	-	68,274
121,899	-	-	121,899
419,844	-	-	419,844
$ 3,545,529	$ 400,309	$ 286,971	$ 4,232,809
		(36,455)	(36,455)
		$ 250,516	$ 4,196,354

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 65 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.

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, 2019 or 2018. 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 2019 or 2018.

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.

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.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. 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 increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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.

As of December 31, 2019 and 2018, there are no conditions noted on contributions and all contributions have been recognized on the statements of activities.

The Organization receives membership dues which are comprised of an exchange element based on the value of benefits provided. The Organization recognizes the exchange portion of the membership dues over the membership period. The membership dues are paid on either a monthly to month or week to week basis.

The Organization records special event revenues equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

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.

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

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.

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes that standard improves the usefulness and understandability of the Organization's financial reporting.

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 $ 695,510 and $ 419,844 for the years ending December 31, 2019 and 2018, 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 $ 175,000 as of December 31, 2019 and 2018 are all without donor restrictions but designated for specific programs by the board of directors. As of December 31, 2019 and 2018, respectively, there was $ 284,698 and $ 65,976 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:

	2019	2018
Financial assets at year end:		
Cash and cash equivalents	$ 1,011,928	$ 402,600
Contributions receivable, net (current)	540,957	308,735
Grants receivable	254,732	371,689
Investments	256,539	218,410
Total financial assets	2,064,156	1,301,434
Less amounts not available to be used within one year:		
Board designated net assets		
Cash designated for specific programs	175,000	175,000
Board designated endowment	241,534	203,597
Total board designated net assets	416,534	378,597
Net assets with donor restrictions (current)	727,144	237,424
	1,143,678	616,021
Financial assets available to meet general expenditures over the next twelve months	$ 920,478	$ 685,413

As of December 31, 2019, 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, or 2) restrictions placed on the financial assets by the donor at the time of contribution. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. 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 the event of an unanticipated liquidity need, the board could draw upon the assets in which they have designated for specific purposes. In addition during the current year, the Organization opened a line of credit with a local bank in the amount of $ 250,000. As of December 31, 2019, no funds have been drawn from the line of credit. Thus, they are fully available for the Organization's use at the board's discretion.

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 $ 405,512 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:

	2019	2018
Cash value of life insurance policy	$ 15,005	$ 14,813
Board designated endowment	241,534	203,597
Total investments	$ 256,539	$ 218,410

Note 5 – INVESTMENTS (CONT'D)

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 lease annually to the Boys & Girls Clubs of Lanier's board. These guidelines may in ratified or amended at any time by a 70% vote of a quorum of the board of directors.

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, 2019 or 2018. Changes in the unrestricted endowment investment consisted of the following as of December 31:

	2019	2018
Endowment investment, beginning of year	$ 203,597	$ 209,857
Investment return:		
Interest and dividend income	11,220	11,122
Net realized and unrealized gains	29,129	(15,034)
Total investment return	40,349	(3,912)
Fee disbursement	(2,412)	(2,348)
Endowment investment, end of year	$ 241,534	$ 203,597

Note 7 – CONTRIBUTIONS, PLEDGES AND GRANTS RECEIVABLE

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

	2019	2018
United Way	$ 40,000	$ 174,806
Capital campaign pledges	402,491	131,448
Annual campaign pledges	101,620	-
Futures 4 Kids	-	650
Other contributions	14,183	2,746
Allowance for uncollectible promises	(915)	(915)
	557,379	308,735
Less discount on pledges, current portion	(16,422)	-
Net contributions receivable, current portion	540,957	308,735
Amounts due in more than one year:		
United Way	-	67,403
Capital campaign pledges	626,996	164,317
Annual campaign pledges	130,000	-
	756,996	231,720
Less discount on pledges, non-current portion	(23,591)	(13,900)
Net contributions receivable, long-term	$ 733,405	$ 217,820

The principle and amortization amounts for pledges due for the years ending December 31, are as follows:

Year	Principle	Amortization
2020	$ 557,379	$ (16,422)
2021	347,786	(11,851)
2022	255,000	(8,643)
2023	154,210	(3,097)
Total principle and amortization amounts due	1,314,375	(40,013)
Less principle and amortization, current portions	(557,379)	16,422
Total principle and amortization amounts due in more than one year	$ 756,996	$ (23,591)

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 1.63% and 2.83%, dependent upon the date the donor made the promise to give.

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

Grants receivable consist of the following:

	2019	2018
21st Century Community Learning Centers	$ 143,763	$ 276,436
Georgia Alliance of Boys & Girls Clubs	81,715	50,998
OJP Mentoring	19,469	11,609
CACFP	9,785	2,646
Boys & Girls Clubs of America	-	30,000
Total	$ 254,732	$ 371,689

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:

	2019	2018
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	(1,727,394)	(1,610,677)
Total property and equipment	$ 2,331,869	$ 2,448,586

Depreciation expense was $ 116,717 for 2019 and $ 121,899 for 2018.

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, 2019 and 2018, the Organization's uninsured cash balances accounts totaled $ 467 and $ -0- 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 2019, 160 hours of sick time and 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., began accruing compensated absences in the CY due to a change in policy. For the year ending December 31, 2019, compensated absences payable totaled $ 16,223. There was no amount recorded for the year ending December 31, 2018.

Note 11 – SPECIAL EVENTS

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

	2019	2018
Duck Derby	$ 176,776	$ 152,087
Futures 4 Kids Gala	-	265,731
Holiday Golf Event	53,261	53,010
Total special event revenue	$ 230,037	$ 470,828

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:

	2019	2018
Georgia Alliance - Boys & Girls Clubs of America	$ 390,855	$ 361,120
21st Century Grant	2,093,058	1,888,344
Falcons Fitness Zone	100,000	100,000
Boys & Girls Clubs of America - Various Grants	2,347	9,488
CACFP	55,214	37,888
OJP Mentoring	43,944	39,004
Other General Grants	16,300	24,800
	$ 2,701,718	$ 2,460,644

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 2019 and 2018 were $ 38,101 and $ 26,627, respectively.

Note 14 – CONCENTRATIONS

At December 31, 2019, 40% of the Organization's revenue came from two granting agencies (21st Century and Georgia Alliance) and 3% of the Organization's revenue came from the Duck Derby special event held during the year. 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.

Note 15 – NET ASSETS RESTATEMENT

Ending net assets for the year ending December 31, 2018 and beginning net assets for the year ending December 31, 2019 have been restated due to a change in revenue recognition principles under new accounting pronouncements in the current year. United Way of Forsyth receivables and corresponding revenue have been reduced from 2018 revenues on the 2019 financial statements and net assets have been adjusted and restated appropriately.

Note 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 24, 2020, 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, 2019

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

CONTENTS

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, 2019 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 24, 2020.

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*.

302 Bradford St. NW Gainesville, GA 30501 • (770) 536-0511 • Fax (770) 536-7565 • alexanderalmand.com

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 24, 2020

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, 2019. 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, 2019.

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.

302 Bradford St. NW Gainesville, GA 30501 • (770) 536-0511 • Fax (770) 536-7565 • alexanderalmand.com
Members of: The Georgia Society of Certified Public Accountants • The American Institute of Certified Public Accountants

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, 2019, and have issued our report thereon dated March 24, 2020 which contained an unmodified 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 24, 2020

BOYS & GIRLS CLUBS OF LANIER, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

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 18/19-454-0000-7	84.287	$ 378,215	
21st Century Community Learning Centers Program	Fair St. 21st CCLC Grant 18/19-454-0000-3	84.287	358,666	
21st Century Community Learning Centers Program	PP2 21st CCLC Grant 18/19-454-0000-4	84.287	384,544	
21st Century Community Learning Centers Program	Teen 21st CCLC Grant 18/19-454-0000-5	84.287	316,527	
21st Century Community Learning Centers Program	Walters 21st CCLC Grant 18/19-454-0000-6	84.287	399,224	
21st Century Community Learning Centers Program	Tadmore 21st CCLC Grant 18/19-454-0000-8	84.287	255,882	
			2,093,058	(1)
Department of Health & Human Services				
Passed through Georgia Alliance of Boys & Girls Club, Inc.				
Dept. of Human Services, State of GA Grant YEP	42700-040-000008930	93.558	11,550	
Dept. of Human Services, State of GA Grant 2019-2020	42700-040-000008930	93.558	379,305	
			390,855	(2)
Department of Agriculture				
Child and Adult Care Food Program	Unavailable	10.558	55,214	(3)
Department of Justice				
Passed through Boys and Girls Clubs of America				
Mentoring in Underserved Communities	OJP 2018-43612	16.726	8,896	
Mentoring in Underserved Communities	OJP 2018-43613	16.726	9,608	
Mentoring in Underserved Communities	OJP 2018-43614	16.726	10,455	
Mentoring in Underserved Communities	OJP 2018-43615	16.726	14,985	
			43,944	(4)
			$ 2,583,071	

(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.

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, 2019. 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.

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 one instance 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 programs identified and tested as major federal programs in accordance with the Uniform Guidance:

21st Century Community Learning Centers	CFDA # 84.287
Department of Health & Human Services, State of GA Grant	CFDA # 93.558

7. The threshold used to distinguish between Type A and Type B programs was $ 750,000.

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

2019-001 – Significant Deficiency – Noncompliance over eligibility requirements

Agency: Department of Health & Human services, State of GA Grant

CFDA#: 93.558

Program: Georgia Alliance of Boys & Girls Clubs, Inc.

Criteria: Recipients of the Georgia Alliance Grant are required to determine eligibility of participants based on income, verification must be obtained, and approved by applicable site directors or staff.

Condition: Eligibility and income verification not obtained for participants of the Georgia Alliance Program (State of GA Grant).

Cause: The Organization failed to follow procedures designed to assess, verify and approve the eligibility status of individuals participating in the Georgia Alliance Program.

Context: Of those participants tested, 17% lacked verification of income, 20% had income eligibility incorrectly listed, and 35% of the income/eligibility information was not approved by applicable site directors or staff.

Recommendation: We recommend that the Organization reevaluate the existing controls and procedures for income eligibility. In addition, the Organization should design and implement monitoring procedures that will ensure grant compliance items are observed more adequately.

Response: We agree with the finding 2019-001. Since being brought to attention, we are working on assessing our current policies and procedures to ensure that the requirements for eligibility are being complied with. In addition, we are designing and will be implementing monitoring procedures to reduce the likelihood of a future occurrence of noncompliance with eligibility requirements.

SECTION III – SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS - NONE