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

AUDITED FINANCIAL STATEMENTS and SUPPLEMENTARY INFORMATION
December 31, 2019

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CPAs & Financial Advisors

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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of
Boys & Girls Club of Greater Baton Rouge, Inc.
8281 Goodwood Boulevard, Suite A
Baton Rouge, Louisiana 70806

Report on the Financial Statements

We have audited the accompanying financial statements of Boys & Girls Club of Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Boys & Girls Club of Greater Baton Rouge, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplementary information required by the Louisiana Legislative Auditor is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, We have also issued our report dated November 3, 2020, on our consideration of Boys & Girls Club of Greater Baton Rouge, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Boys & Girls Club of Greater Baton Rouge, Inc.'s internal control over financial reporting and compliance.

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TWRU CPAs & Financial Advisors
Baton Rouge, Louisiana
November 3, 2020

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BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
STATEMENT OF FINANCIAL POSITION
(See Accompanying Notes and Independent Auditors' Report)
December 31, 2019

ASSETS

CURRENT ASSETS		
Cash and Cash Equivalents	$	16,402
Grants Receivable		193,481
Pledges Receivable, Current Portion, Net of allowance of $37,500 and discount of $19,868		263,810
Prepaid Expenses		10,403
TOTAL CURRENT ASSETS		484,096
PROPERTY AND EQUIPMENT		
Equipment		191,065
Less: Accumulated Depreciation		(191,065)
NET PROPERTY AND EQUIPMENT		-
OTHER ASSETS		
Construction in Progress		155,286
Security Deposits		3,730
Pledges Receivable, Net of Current Portion and Net of Discount of $18,859		180,185
Investments		157,930
TOTAL OTHER ASSETS		497,131
TOTAL ASSETS	$	981,227

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	$	70,377
Allocations of Grants Payable		17,908
Payroll Payables		157
Custodial Liability		5,305
Deferred Revenues		55,698
TOTAL CURRENT LIABILITIES		149,445
NON CURRENT LIABILITIES		
Deferred Revenues		9,114
TOTAL LIABILITIES		158,559
NET ASSETS		
Without Donor Restrictions		147,896
With Donor Restrictions		674,772
TOTAL NET ASSETS		822,668
TOTAL LIABILITIES AND NET ASSETS	$	981,227

BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
STATEMENT OF ACTIVITIES
(See Accompanying Notes and Independent Auditors' Report)
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS (LOSSES), and OTHER SUPPORT			
Private Grant and Contribution Revenue	$ 185,746	$ 273,453	$ 459,199
Government Grant Revenue	-	454,287	454,287
Program Service Fees	263,999	-	263,999
Special Event Revenue	206,283	-	206,283
Other Revenue	18,344	-	18,344
Interest and Dividend Revenue	4,318	-	4,318
Unrealized Losses, Net of Expenses	13,656	-	13,656
TOTAL SUPPORT AND OTHER GAINS (LOSSES)	692,346	727,740	1,420,086
NET ASSETS RELEASED FROM RESTRICTIONS			
Restrictions Satisfied by Payments	411,876	(411,876)	-
Restrictions Satisfied by Time	173,391	(173,391)	-
Restrictions Released by Donor	300,000	(300,000)	-
TOTAL RECLASSIFICATIONS	885,267	(885,267)	-
TOTAL SUPPORT, OTHER GAINS (LOSSES) AND RECLASSIFICATIONS	1,577,613	(157,527)	1,420,086
EXPENSES			
Program Services	1,039,225	-	1,039,225
Management and General	117,533	-	117,533
Fundraising	231,485	-	231,485
TOTAL EXPENSES	1,388,243	-	1,388,243
CHANGE IN NET ASSETS	189,370	(157,527)	31,843
NET ASSETS, BEGINNING OF YEAR	(127,166)	927,808	800,642
PRIOR PERIOD ADJUSTMENTS	85,692	(95,509)	(9,817)
NET ASSETS, END OF YEAR	$ 147,896	$ 674,772	$ 822,668

BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
(See Accompanying Notes and Independent Auditors' Report)
For the Year Ended December 31, 2019

	Program Services	Management and General	Fundraising	Total
Salaries	$ 570,148	$ 28,900	$ 71,554	$ 670,602
Employee Benefits	79,882	9,667	12,760	102,310
Payroll Taxes	42,798	2,211	5,474	50,483
Professional Fees	81,909	4,550	4,550	91,009
Program Expenses	52,933	-	-	52,933
Conferences	7,850	11,126	-	18,976
Travel	2,112	783	-	2,895
Insurance	15,208	845	845	16,899
Rent	56,627	3,146	3,146	62,918
Telephone	18,765	1,042	1,042	20,849
Bank Charges	11,378	632	632	12,642
Memberships	7,194	4,446	-	11,640
Office and Supplies	49,808	2,767	2,767	55,342
Printing and Postage	35,688	9,534	-	45,222
Fundraising	-	-	128,331	128,331
Interest expense	4,038	224	224	4,485
Bad Debts	-	37,500	-	37,500
Other Expenses	2,886	160	160	3,207
TOTAL FUNCTIONAL EXPENSES	$ 1,039,225	$ 117,533	$ 231,485	$ 1,388,243

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BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
STATEMENT OF CASH FLOWS
(See Accompanying Notes and Independent Auditors' Report)
For the Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 31,843
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:	
Change in Discount on Pledges Receivable included in Contributions	(17,814)
Unrealized Loss on Investments	(14,930)
(Increase) Decrease in Assets:	
Grants, Sponsorships, and Other Receivables	(78,208)
Pledges Receivable	126,211
Prepaid Expenses	(1,482)
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Liabilities	(29,921)
Allocations Payable	(4,189)
Payroll Liabilities	58
Other Payables	-
Deferred Revenues	(40,077)
NET CASH USED IN OPERATING ACTIVITIES	(28,509)
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments for Building Design	(91,762)
Earnings Reinvested net of Investment Fees	(4,388)
NET CASH USED IN INVESTING ACTIVITIES	(96,150)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Line of Credit (net of Repayments)	(50,636)
NET CASH PROVIDED IN FINANCING ACTIVITIES	(50,636)
DECREASE IN CASH AND CASH EQUIVALENTS	(175,295)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	191,697
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 16,402

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – The Boys & Girls Club of Greater Baton Rouge, Inc. (the Club) was incorporated on March 5, 1991, with offices in Baton Rouge, Louisiana. It is a non-profit organization under Section 501 (c) (3) of the Internal Revenue Code. The purpose of the Club is to promote the health, social, educational, vocational and character development of boys and girls in the Baton Rouge area.

Basis of Accounting – The financial statements of the Club have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation – The Club reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity. Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Club, the environment in which it operates, the purposes specified in corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. The Club has both net assets without donor restrictions and net assets with donor restrictions as of December 31, 2019.

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

Cash and Cash Equivalents –For purposes of the statement of cash flows, the Club considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of cash in demand deposits and money market accounts.

Grant and Sponsorship Receivables – Grants receivable are stated at net realizable value. The Club maintains allowances for doubtful accounts for estimated losses resulting from the inability of its grantors to make required payments. Because collection is expected at 100%, an allowance for doubtful accounts has not been estimated in the current year.

Pledges Receivables – Pledges are recorded at their net realizable value. The Club uses the allowance method to determine uncollectible pledges. The allowance is based on management's analysis of specific balances. Because collection is expected at 100%, an allowance for doubtful accounts has not been estimated in the current year.

Promises to Give – Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment – Property and equipment purchased by the Club is recorded at cost at the date of acquisition. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Equipment with an original cost of $2,000 or greater is generally capitalized. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Investments – Investments are carried at fair value, with changes in fair value being recorded as unrealized gains (losses). Dividend, interest and other investment income, including realized and unrealized gains (losses), are recorded as increases or decreases in either net assets with or without donor restrictions, depending on donor's stipulation.

Prepaid Expenses – Prepaid expenses represent insurance, facility fees, and employee benefit payments made in 2019 that extend beyond year end have been recorded in the accompanying statement of financial position as prepaid expenses.

Deferred Revenue – Income for the 2020 Youth Legislation Program, the Great Futures Gala, and Steak and Stake was paid in advance and is deferred. This revenue will be recognized in 2020, the period to which the program revenue relates.

Compensated Absences – Employee's compensated absences are not accrued as of December 31, 2019, because no reasonable estimate of the amount can be made.

Designation of Net Assets without Donor Restrictions – The Club's board voted to set aside the funds invested in BRAF as a board-designated quasi-endowment fund for the benefit of the continuity of the Club's operations.

Advertising Expense – Advertising costs are expenses as incurred. The Club paid $1,918 for advertising the year ended December 31, 2019.

Expense Allocation – The costs of providing the program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated between the program, supporting services, and fundraising expenses benefited.

Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Donated Services – The value of personal services provided to the Club have not been recorded in the accompanying financial statement as they do not meet the criteria for recognition, i.e. payments to individuals possessing a required specialized skill. These type services are typically paid by the Club. Volunteers provide other needed services, but their time was not computed for reporting purposes.

Income Taxes – The Club is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Club's tax-exempt purpose is subject to taxation as unrelated business taxable income (UBIT). In addition, the Club qualifies for the charitable deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued) - The Club may recognize the tax benefit from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Club and various positions related to the potential sources of UBIT. The Club has analyzed its tax position taken for filings with the Internal Revenues Services since 2015. The Club believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Club's financial condition, results of operations, or cash flows.

NOTE 2: CASH AND CASH EQUIVALENTS AND CASH FLOW INFORMATION

Cash and cash equivalents consist of the following:

Petty Cash	$ 1,300
Demand Deposits	651
Money Market Savings	14,451
Total Cash and Cash Equivalents	$ 16,402

NOTE 3: RECEIVABLES

Receivables are stated at the amount the Club expects to collect. Management considers all receivables to be collectible at December 31, 2019. Receivables at year-end consist of the following:

United Way	$ 82,500
Sponsorships Receivable	15,500
Governmental Grantors	90,640
Other Grantors	4,841
Total Grant Receivables	$ 193,481

NOTE 4: PROPERTY AND EQUIPMENT

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

Equipment	$ 191,065
Less: Accumulated Depreciation	(191,065)
Net Property and Equipment	$ -

Depreciation expense was $0 for the year ending December 31, 2019.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 5: PLEDGES RECEIVABLE

Pledges receivable are unconditional promises to pay certain amounts in the future. Management evaluates the collectability of its receivables and records an allowance for estimated uncollectible amounts. Because collection is expected at 100%, an allowance for doubtful accounts has not been estimated in the current year. Pledges due beyond one year have been discounted at an annual rate of 5%.

Unconditional promises to give at December 31, 2019, consist of the following:

Capital Campaign	$ 513,916
Receivable in less than one year	$ 277,000
Receivable in one to five years	237,583
Total Unconditional Promises to Give	514,583
Less Discounts to Net Present Value	(33,088)
Less Allowance for Uncollectible Pledges Receivable	(37,500)
Pledges Receivable, Net of Discount	$ 443,995

NOTE 6: SECURITY DEPOSITS

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

NOTE 7: INVESTMENTS

The Club carries its investments at fair value. At December 31, 2019, such investments consisted of the following:

Baton Rouge Area Foundation	$ 157,930

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

Balance, Beginning of Year	$ 138,612
Interest and Dividends	4,318
Unrealized Gains	14,930
Gifts	1,523
Investment Expenses	(1,274)
Balance, End of Year	$ 157,930

This amount represents the Club's proportionate share of an underlying interest in a diverse portfolio of marketable securities and other investment vehicles held at the Baton Rouge Area Foundation (BRAF) including real estate, stocks and bonds and investments in Louisiana venture capital funds – 94% in an investment pool and 6% in venture capital. The investments are in pooled accounts.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 8: DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Accounting Standards Board Accounting Standards (ASC) provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted priced for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2—Inputs are based upon quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of assets or liabilities.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value.

Pooled funds: Valued at the net asset value (NAV) of units held by the Club at year end.

The preceding methods described may produce fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Club's assets at fair value as of December 31, 2019.

	Level 1	Level 2	Level 3
Pooled Funds held by Baton Rouge Area Foundation	$ -	$157,930	$ -
Total	$ -	$157,930	$ -

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 9: LEASES

Operating Leases – The Club leases office space under an agreement classified as an operating lease. The original lease was renewed most recently in April 2017 for an additional three years at $4,891 per month. In April 2020, the Club signed a three year lease renewal at $5,191 per month.

The Club leases space for program activities on month to month basis. The Club pays $300 per month.

Beginning January 23, 2018, the Club leased a copier for $1,334 a month for 63 months. The lease expires April 23, 2023.

Future rental payments are as follows:

Year Ending December 31,	
2020	$ 61,092
2021	62,292
2022	62,292
2023	20,764
Thereafter	-
Total future rental payments	$ 206,440

Total facility rent expense paid during 2019 was $62,304. Total equipment rent expense paid during 2018 was $121.

NOTE 10: REVOLVING LINE OF CREDIT

The Club has a $50,000 unsecured, revolving line of credit with a bank's credit card division. At December 31, 2019, $0 was owed on the account. During the year the Club repaid borrowings on the line of $50,636. There was no penalty for drawing over the limit. The line has no maturity date and carries an interest rate that fluctuates with The Wall Street Journal Prime. The interest rate at December 31, 2019, was 16.65%.

NOTE 11: NET ASSETS

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

	Beginning	Adjustments	Additions	Releases	Ending
United Way Grant	$ 68,425	$ -	$ 165,000	$ (150,925)	$ 82,500
Other United Way Contributions	3,115	-	19,351	(22,466)	-
Government Grants	-	-	269,936	(269,936)	-
Capital Campaign *	856,268	-	273,453	(537,449)	592,272
	$ 927,808	$ -	$ 727,740	$ (980,776)	$ 674,772

*Amounts released include $300,000 released by donor from restriction and $95,509 from prior period adjustment.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 12: EMPLOYEE BENEFIT PLANS

The Club participates in an insured, non-contributory defined contribution plan sponsored by the Boys and Girl Clubs of America. The plan covers substantially all employees with over 1,000 hours of service. The amounts charged to retirement benefits was $27,260.

The Club also sponsors a 403(b) plan whereby an employee may choose to reduce their taxable compensation and have this amount contributed to the Plan on their behalf. Employees are eligible to participate upon completion of 1,000 hours of service. The Club has the option to match the employee's contribution. No match was paid during the year.

NOTE 13: ECONOMIC DEPENDENCY

Revenue – During 2018, the Club received approximately 19% of its revenue from government grants, 19% of its revenue from program service fees, 13% of its revenue from other unrestricted grants and contributions, and 32% from capital campaign donations. A significant reduction in these levels of support, if it were to occur, could have a significant effect on the Club's programs and activities.

NOTE 14: CONCENTRATION OF CREDIT RISK

Cash Deposits – The Club maintains its cash balances in one financial institution located in Baton Rouge, Louisiana. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2019, the Club's uninsured cash balances total $0.

Pledge Receivables – As of December 31, 2019, 100% of the Club's pledges receivable of $481,495 (shown net of discount of $33,088) is due from seven donors.

NOTE 15: RELATED PARTY TRANSACTIONS

The Club is affiliated with the national organization – Boys and Girls Clubs of America (BGCA). Dues paid to this affiliate during the year totaled $7,194.

During the year the club received $11,299 in nonfederal grant revenue passed through from BGCA. As of December 31, 2019, the Club has a receivable recorded for $1,401 from the affiliate for this revenue.

BGCA participates in a federally-funded youth mentoring program through the Office of Justice Programs, U.S. Department of Justice. It in turn provides funding to its member clubs to administer this program throughout the country. The Club recorded $14,073 in revenue from its affiliate during the year for this program. As of December 31, 2019, the Club has a receivable recorded for $0 from the affiliate for the federal program.

BGCA acts as an agent for many of their member clubs to administer various grants. The Club owes $17,908 in nongovernment grant revenue owed to affiliates at December 31, 2019. At year end, the affiliates have not completed the steps to earn the grant monies.

The Club pays BGCA for various employee benefit plans. During the year ended December 31, 2019, the Club paid its affiliate $59,632 for employee non-pension benefits.

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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

The Club had noncash investing transactions relating to unrealized gain on investments of $14,930 in 2019. Interest paid was $4,485.

NOTE 17: PRIOR PERIOD ADJUSTMENTS

It was discovered during the year an allocation for 2018 salaries allocated to the capital campaign were allocated at 30% instead of the historical 33%. In addition, during 2015 – 2017 the applicable percentage of employee benefits and payroll taxes were not allocated to the capital campaign expenses. These amounts totaled $80,509. Also during 2016 – 2018 $15,000 in capital campaign receipts were incorrectly accounted for as new pledges rather than payments on an existing pledge. The effects of these corrections reduced temporarily restricted net assets by $95,509 and increased unrestricted net assets by the same amount.

NOTE 18: LIQUIDITY AND AVAILABILITY

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

Cash	$ 16,402
Grants and Sponsorships Receivable	193,481
Total Financial Assets	210,883
Subtract: Capital Campaign funds received net of expenses and net Of amounts held in investment account ($157,930)	(238,583)
Financial assets deficit available to meet cash needs for general expenditures within one year	$ (27,700)

NOTE 20: SUBSEQUENT EVENTS

There were no subsequent events between the close of the fiscal year and November 3, 2020 the date on which the financial statements were available to be issued, that would materially impact the accompanying financial statements.

The Club's operations may be affected by the recent and outgoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Club's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the Club's revenues.

Subsequent to year end, the Club was granted a loan (the "Loan') in the aggregate amount of $177,900 pursuant to the Paycheck Protection Program under Division A, Title I of the CARES Act which was enacted March 27, 2020. The Loan, which was in the form of a note dated April 30, 2020 issued by the Borrower, matures two years after the Club received notification that part or all of the loan has not been forgiven. The loan bears interest at a rate of 0.98% per annum, payable monthly commencing once the Club receives notice regarding the forgiveness application. The note may be prepaid by the borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before 24 weeks after the initial funding date. The Club intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

SUPPLEMENTARY INFORMATION

TWRU
CPAs & Financial Advisors

BOYS & GIRLS CLUB OF GREATER BATON ROUGE, INC.
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
SEE INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2019

Agency Head
Pat R. Van Burkleo
President

Purpose	Amount
Salary	$ 97,700
Expense Reimbursement	740
Benefits:	
Retirement	9,770
Group insurance	28,898
Mobile phone provided by agency	2,880
Membership - Rotary Club	1,814
Total Compensation, Benefits and Other Payments	$ 141,802

TWRU
CPAs & Financial Advisors

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Governors of
Boys & Girls Club of Greater Baton Rouge, Inc.
8281 Goodwood Boulevard, Suite A
Baton Rouge, Louisiana 70806

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Boys & Girls Club of Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated November 3, 2020.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Boys & Girls Club of Greater Baton Rouge, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Boys & Girls Club of Greater Baton Rouge, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Boys & Girls Club of Greater Baton Rouge, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boys & Girls Club of Greater Baton Rouge, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Boys and Girls Club of Greater Baton Rouge, Inc.'s Response to Findings

Boys and Girls Club of Greater Baton Rouge, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Boys and Girls Club of Greater Baton Rouge, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Club's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Club's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, others within the agency, the Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

TWRU

TWRU CPAs & Financial Advisors
Baton Rouge, Louisiana
November 3, 2020

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

SCHEDULE OF FINDINGS
For the Year Ended December 31, 2019

I. Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	**Unmodified Opinion**

Internal control over financial reporting:

• Material weakness(es) identified?	**No**
• Significant deficiency(ies) identified?	**Yes**
• Noncompliance material to financial statements noted?	**No**

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

Finding 2019-001 – Capital Campaign Pledges

Criteria: Internal controls over Capital Campaign pledges, receipts and receivables should be monitored to prevent, detect and correct material misstatements.

Condition: In the prior years, amounts collected as pledges were coded as regular donations. In addition, pledge payments received are recorded as current year revenue and not coded against the pledges receivables.

Cause: The Club inhouse accountant and outside CPA do not coordinate with the Executive Director to reconcile capital campaign pledge information.

Effect or potential effect: Pledges receivable are overstated and current year revenues are overstated.

Recommendation: We recommend that the Executive Director reconcile all pledge payments with the in house accountant so they are properly recorded and not classified as current year contributions.

Management response: Management agrees with the recommendation above and is working to develop a timeline for this reconciliation to occur at least quarterly.

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

SCHEDULE OF FINDINGS
For the Year Ended December 31, 2019

Finding 2019-002 – Capital Campaign Funds

Criteria: Capital campaign funds are considered net assets with donor restrictions until expenditures arise that relate to the capital campaign designated purose. Internal controls over capital campaign funds should be monitored to prevent, detect and correct funds from being spent on non capital campaign related expenses.

Condition: In the prior years, capital campaign funds have been comingled with operating revenues.

Cause: The Club does not have a designated separate bank account for capital campaign funds.

Effect or potential effect: Capital campaign funds could be spent on non capital campaign related expenses.

Recommendation: We recommend that the Club open a separate bank account designated as the capital campaign account and that all capital campaign contributions and pledge payments be deposited into this bank account. This account could be a savings type account or a checking account. If a savings account is used, as bills are presented for payment that related to capital campaign expenditures, funds should be transferred to the operating account to pay these amounts. If a checking account is used, capital campaign expenditures should be paid directly from this designated account.

Management response: Management agrees with the recommendation above and will discuss this with the Board finance committee.

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

SCHEDULE OF FINDINGS
For the Year Ended December 31, 2019

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2019

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

None Reported.