

**BOYS & GIRLS CLUBS OF CENTRAL
GEORGIA, INC.
MACON, GEORGIA**

**FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2016 AND 2015 AND
INDEPENDENT AUDITOR'S REPORT**

BOYS & GIRLS CLUBS OF CENTRAL GEORGIA, INC.

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September 6, 2017

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Boys & Girls Clubs of Central Georgia, Inc.

We have audited the accompanying financial statements of the **Boys & Girls Clubs of Central Georgia, Inc.** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015 and the related statements of activities, 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 audits. We conducted our audits 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 Club'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 Club'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 Central Georgia, Inc. as of December 31, 2016 and 2015 and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

McNair, McLemore, Middlebrooks & Co., LLC

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

BOYS & GIRLS CLUBS OF CENTRAL GEORGIA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31

	2016	2015
Assets		
Cash and Cash Equivalents	\$194,780	\$187,227
Investments	-	731
Receivable from United Way	54,369	46,739
Contracts and Grants Receivable	70,028	115,233
Loan to Employee	5,000	-
Property and Equipment, Net	112,674	99,031
	\$436,851	\$448,961
Total Assets		
Liabilities		
Deferred Revenue	\$ 42,831	\$ 55,000
Accounts Payable	13,083	8,002
Accrued and Withheld Payroll Taxes	1,675	747
	57,589	63,749
Net Assets		
Unrestricted	324,893	338,473
Temporarily Restricted	54,369	46,739
	379,262	385,212
	\$436,851	\$448,961
Total Liabilities and Net Assets		

See accompanying notes which are an integral part of these financial statements.

BOYS & GIRLS CLUBS OF CENTRAL GEORGIA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
Revenue and Other Support			
<i>Contributions and Grants</i>			
Contributions	\$ 72,667		\$ 72,667
United Way		\$ 263,833	263,833
Grants			
Federal	491,011		491,011
Other	276,113		276,113
In-Kind Contributions	323,998		323,998
Net Assets Released from Restrictions	256,203	(256,203)	-
	<u>1,419,992</u>	<u>7,630</u>	<u>1,427,622</u>
<i>Revenue and Gains</i>			
Special Events	5,328		5,328
Investment Return	5		5
Program Fees	78,079		78,079
Other Income	84		84
	<u>83,496</u>	<u>-</u>	<u>83,496</u>
Expenses			
<i>Program Services</i>			
After School Program	501,491		501,491
Gear Up Program	501,491		501,491
Summer Program	55,721		55,721
Other Programs	55,721		55,721
<i>Supporting Services</i>			
Management and General	316,661		316,661
Fund-Raising	74,501		74,501
Cost of Special Events	11,482		11,482
	<u>1,517,068</u>	<u>-</u>	<u>1,517,068</u>
Increase (Decrease) in Net Assets	(13,580)	7,630	(5,950)
Net Assets-Beginning	<u>338,473</u>	<u>46,739</u>	<u>385,212</u>
Net Assets-Ending	<u>\$ 324,893</u>	<u>\$ 54,369</u>	<u>\$ 379,262</u>

See accompanying notes which are an integral part of these financial statements.

BOYS & GIRLS CLUBS OF CENTRAL GEORGIA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue and Other Support			
<i>Contributions and Grants</i>			
Contributions	\$ 101,900		\$ 101,900
United Way		\$ 237,669	237,669
Grants			
Federal	611,297		611,297
Other	113,157		113,157
In-Kind Contributions	289,141		289,141
Net Assets Released from Restrictions	239,099	(239,099)	-
	<u>1,354,594</u>	<u>(1,430)</u>	<u>1,353,164</u>
<i>Revenue and Gains (Losses)</i>			
Special Events	23,460		23,460
Investment Return	(33)		(33)
Program Fees	16,571		16,571
Gain on Disposal of Property	1,000		1,000
Other Income	4,379		4,379
	<u>45,377</u>	<u>-</u>	<u>45,377</u>
Expenses			
<i>Program Services</i>			
After School Program	478,205		478,205
Gear Up Program	478,205		478,205
Summer Program	53,134		53,134
Other Programs	53,134		53,134
<i>Supporting Services</i>			
Management and General	281,644		281,644
Fund-Raising	72,438		72,438
Cost of Special Events	9,366		9,366
	<u>1,426,126</u>	<u>-</u>	<u>1,426,126</u>
Decrease in Net Assets	(26,155)	(1,430)	(27,585)
Net Assets-Beginning	<u>364,628</u>	<u>48,169</u>	<u>412,797</u>
Net Assets-Ending	<u>\$ 338,473</u>	<u>\$ 46,739</u>	<u>\$ 385,212</u>

See accompanying notes which are an integral part of these financial statements.

BOYS & GIRLS CLUBS OF CENTRAL GEORGIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services				Supporting Services			Totals
	After School Program	Gear Up Program	Summer Program	Other Programs	Management and General	Fund-Raising	Cost of Special Events	
Salaries	\$277,883	\$277,883	\$30,876	\$30,876	\$ 75,306	\$60,246		\$ 753,070
Payroll Taxes	21,979	21,979	2,442	2,442	5,956	4,765		59,563
Professional Fees	9,527	9,526	1,059	1,059	15,329			36,500
Bank Fees					1,355			1,355
Depreciation	14,357	14,357	1,595	1,595	3,545			35,449
Membership and Affiliate Dues					12,789			12,789
Employee Benefits	8,625	8,624	958	958	2,337	1,870		23,372
Interest					60			60
Transportation	2,692	2,693	299	299				5,983
Insurance	10,514	10,513	1,168	1,168	4,123			27,486
Rent	77,570	77,571	8,619	8,619	159,120			331,499
Utilities	3,802	3,801	422	422				8,447
Janitorial	293	293	33	33				652
Postage	28	28	3	3	208	145		415
Travel							\$ 4,873	4,873
Printing	665	666	74	74	3,471	740		5,690
Entertainment							3,500	3,500
Prizes and Awards	25	25	2	2			130	184
Supplies	33,680	33,680	3,742	3,742	417			75,261
Telephone	2,779	2,779	309	309	1,544	2,574		10,294
Vehicle	4,504	4,504	501	501	1,766			11,776
Lodging and Meals	1,237	1,238	138	138	485		2,979	6,215
Conferences and Seminars	1,618	1,618	180	180	635			4,231
Contract Labor	11,420	11,420	1,269	1,269	4,479			29,857
Fund-Raising						3,102		3,102
Training	2,248	2,248	250	250	3,618			8,614
Advertising and Marketing	1,430	1,430	159	159		1,059		4,237
Repairs and Maintenance	7,660	7,660	851	851	15,714			32,736
Recruiting	200	200	22	22	323			767
Payroll Service Fees	1,169	1,169	130	130	1,882			4,480
Computer and Technology	3,733	3,733	415	415	1,579			9,875
Security	122	122	13	13				270
Miscellaneous	1,731	1,731	192	192	620			4,466
	\$501,491	\$501,491	\$55,721	\$55,721	\$316,661	\$74,501	\$11,482	\$1,517,068

See accompanying notes which are an integral part of these financial statements.

BOYS & GIRLS CLUBS OF CENTRAL GEORGIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Program Services</u>				<u>Supporting Services</u>			<u>Totals</u>
	<u>After School Program</u>	<u>Gear Up Program</u>	<u>Summer Program</u>	<u>Other Programs</u>	<u>Management and General</u>	<u>Fund-Raising</u>	<u>Cost of Special Events</u>	
Salaries	\$271,680	\$271,680	\$30,187	\$30,187	\$ 73,625	\$58,901		\$ 736,260
Payroll Taxes	20,827	20,827	2,314	2,314	5,644	4,515		56,441
Professional Fees	9,266	9,266	1,030	1,030	14,912			35,504
Bank Fees					1,448			1,448
Depreciation	11,131	11,131	1,237	1,237	2,748			27,484
Membership and Affiliate Dues					12,901			12,901
Employee Benefits	6,250	6,250	694	694	1,695	1,355		16,938
Transportation	2,785	2,784	309	309				6,187
Insurance	8,562	8,562	951	951	3,357			22,383
Rent	67,151	67,151	7,461	7,461	137,748			286,972
Equipment Rental							\$1,279	1,279
Postage	32	32	4	4	243	170		485
Printing	571	571	64	64	2,981	635		4,886
Venue Fees							3,786	3,786
Prizes and Awards	637	637	71	71			4,301	5,717
Supplies	36,254	36,254	4,029	4,029	1,964			82,530
Telephone	2,129	2,128	236	236	1,182	1,970		7,881
Vehicle	6,672	6,671	741	741	2,616			17,441
Lodging and Meals	5,916	5,916	657	657	2,087			15,233
Conferences and Seminars	3,663	3,664	407	407	1,437			9,578
Contract Labor	11,031	11,031	1,226	1,226	4,326			28,840
Fund-Raising						3,489		3,489
Training	1,160	1,160	129	129	1,867			4,445
Advertising and Marketing	1,895	1,894	210	210		1,403		5,612
Repairs and Maintenance	1,704	1,705	189	189	3,496			7,283
Recruiting	306	307	34	34	494			1,175
Payroll Service Fees	1,136	1,136	126	126	1,827			4,351
Computer and Technology	4,057	4,058	451	451	1,717			10,734
Miscellaneous	3,390	3,390	377	377	1,329			8,863
	<u>\$478,205</u>	<u>\$478,205</u>	<u>\$53,134</u>	<u>\$53,134</u>	<u>\$281,644</u>	<u>\$72,438</u>	<u>\$9,366</u>	<u>\$1,426,126</u>

See accompanying notes which are an integral part of these financial statements.

BOYS & GIRLS CLUBS OF CENTRAL GEORGIA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

	2016	2015
Cash Flows From Operating Activities		
Decrease in Net Assets	\$ (5,950)	\$ (27,585)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	35,449	27,484
Realized Gains on Sale of Investments	(5)	-
Unrealized Losses on Investments	-	74
Realized Gain on Disposal of Property	-	(1,000)
<i>Change in</i>		
Receivable from United Way	(7,630)	1,430
Contracts and Grants Receivable	45,205	(23,202)
Other Receivables	(5,000)	-
Deferred Revenue	(12,169)	55,000
Accounts Payable	5,081	(8,989)
Accrued Expenses and Other Liabilities	928	(345)
	55,909	22,867
Cash Flows From Investing Activities		
Purchase of Investments	-	(41)
Purchase of Property and Equipment	(49,092)	(23,283)
Proceeds from Sale of Property	-	1,000
Proceeds from Sale of Investments	736	-
	(48,356)	(22,324)
Net Increase in Cash and Cash Equivalents	7,553	543
Cash and Cash Equivalents-Beginning	187,227	186,684
Cash and Cash Equivalents-Ending	\$194,780	\$187,227
Supplemental Information		
Cash Paid for Interest	\$ 60	\$ -

See accompanying notes which are an integral part of these financial statements.

BOYS & GIRLS CLUBS OF CENTRAL GEORGIA, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

Nature of Activities

The Boys & Girls Clubs of Central Georgia, Inc. (the Club) is an affiliate of the national organization, Boys & Girls Clubs of America. The Club provides recreational, instructional and social programs for boys and girls ages 6 to 18 in central Georgia. The Club is supported primarily through contributions from individuals, private foundations and allocations from the United Way of Central Georgia.

Basis of Accounting

The financial statements of the Club have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles.

Financial Statement Presentation

The Club is required to report information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. As of December 31, 2016 and 2015, there are no permanently restricted net assets.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions,” and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017 and interim periods with fiscal years beginning after December 15, 2018, with early adoption permitted. The Club is currently evaluating the impact the adoption of this guidance will have on its financial statements.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Club considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Compensated Absences

The Club’s staff is entitled to paid vacation and sick leave. The amount of compensation for future absences is immaterial to the financial statements. Accordingly, no liability is recorded in the accompanying financial statements.

(1) Summary of Significant Accounting Policies (Continued)

Donated Assets

Donations of securities and property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Club reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Club reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated Services, Materials and Facilities

The Club records various types of in-kind support including contributed services. Contributed services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteers also provided various services throughout the year that are not recognized as contributions in the financial statements.

For the years ended December 31, the Club received donated services and materials for the following major categories:

	<u>2016</u>	<u>2015</u>
Program Services	\$281,319	\$239,572
Supporting Services		
Other	42,679	49,569
	<u>\$323,998</u>	<u>\$289,141</u>

For the years ended December 31, 2016 and 2015, services and materials donated for special events of \$-0- and \$2,090, respectively, were included in special events revenues. The Club currently has programs in four locations where the rent is donated. The Program Services amount includes \$281,319 and \$239,572 of donated rent for the years ended December 31, 2016 and 2015, respectively. Leases related to the locations are annual leases.

Functional Allocation of Expenses

The costs of providing the Club's various programs and activities have been summarized on a functional basis in the statements of activities. The detail of the cost allocated and the services that are benefited is found in the statements of functional expenses.

(1) Summary of Significant Accounting Policies (Continued)

Income Tax Status

The Club is exempt from federal and state income tax 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 income. There were no such activities during the years ended December 31, 2016 and 2015. In addition, the Club qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Property and Equipment

The Club capitalizes all expenditures for property and equipment that have a useful life greater than a year. Property and equipment acquisitions are recorded at cost, estimated cost, or if donated, at fair market value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 5 to 40 years.

Revenue Recognition

Revenues are displayed in two broad categories. Earned revenues represent fees earned or revenue generated through the performance or provision of services. Contributed support represents unconditional gifts in a voluntary nonreciprocal transfer.

The Club recognizes all contributed support received as income in the period received or pledged. Contributed support is reported as unrestricted or as restricted, depending upon the existence of donor stipulations that limit the use of the support. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Deferred Revenue

Deferred revenue includes grant income received in the current year which included certain criteria and stipulations which would not be completed until the subsequent year. Accordingly, the grant income received has been deferred until the criteria and stipulations have been satisfied.

(1) Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations

The Club received approximately 18 percent of its support from the United Way for the years ended December 31, 2016 and 2015. Also, approximately 63 percent and 81 percent of its grants are received from two entities for the years ended December 31, 2016 and 2015, respectively. A change in support from these entities could significantly impact the operations of the Club.

(2) Investments

Investments are stated at fair value and consist of pooled investments maintained by the Community Foundation of Central Georgia, Inc. Fair value and unrealized depreciation as of December 31 are as follows:

	<u>2016</u>	<u>2015</u>
Fair Value	\$ -	\$ 731
Cost	-	(805)
	<u>\$ -</u>	<u>\$ (74)</u>

Following is a summary of unrestricted investment return for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Interest and Dividend Income-Pooled Investments	\$ -	\$ 54
Net Realized Gains-Pooled Investments	5	-
Net Unrealized Losses-Pooled Investments	-	(74)
Management Fees	-	(13)
	<u>\$ 5</u>	<u>\$ (33)</u>

(3) Fair Value Measurements

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, establish a three-level valuation hierarchy for disclosure of fair value measurement and enhance disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument; and
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's and 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.

The following are descriptions of the valuation methodologies used for assets measured at fair value.

Short-Term Investments - The carrying amounts reported on the statements of financial position approximate fair values because of the short maturities of those instruments.

Common Stocks, Preferred Stocks, Corporate Bonds and U.S. Government Securities - Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds - Valued at the net asset value of shares held at year-end.

The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Club 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 financial instruments as of December 31:

	Level 1	
	2016	2015
Cash and Fixed Income	\$ -	\$ 168
Equity Securities	-	563
	<u>\$ -</u>	<u>\$ 731</u>

There were no Level 2 or Level 3 assets held by the Club as of December 31, 2016 and 2015.

(4) Contracts and Grants Receivable

Contracts and grants receivable totaling \$70,028 and \$115,233 are comprised of amounts from various federal agencies which have not been received as of December 31, 2016 and 2015, respectively. Management believes the entire amount is collectible and an allowance for doubtful accounts is not necessary.

(5) Property and Equipment

Property and equipment are comprised of the following as of December 31:

	Life in Years	2016	2015
Buildings and Improvements	15-40	\$ 123,799	\$ 111,395
Equipment	5	328,235	298,131
Vehicles	5	92,894	92,894
Furniture and Fixtures	7	40,531	33,946
		585,459	536,366
Accumulated Depreciation		(472,785)	(437,335)
		\$ 112,674	\$ 99,031

(6) Temporarily Restricted Net Assets

Temporarily restricted net assets and the related net release from restrictions are comprised entirely of activity related to contributions received from the United Way of Central Georgia, Inc.

(7) Subsequent Events

In preparing the financial statements, the Club has evaluated events and transactions for potential recognition or disclosure through September 6, 2017, the date the financial statements were available to be issued.