

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

**FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2017 AND 2016 AND
INDEPENDENT AUDITOR'S REPORT**

BOYS & GIRLS CLUBS OF CENTRAL GEORGIA, INC.

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9

September 27, 2018

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.** (the Club), which comprise the statements of financial position as of December 31, 2017 and 2016 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, 2017 and 2016 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

	2017	2016
Assets		
Cash and Cash Equivalents	\$179,522	\$194,780
Receivable from United Way	48,602	54,369
Contracts and Grants Receivable	72,237	70,028
Loan to Employee	-	5,000
Property and Equipment, Net	74,932	112,674
	\$375,293	\$436,851
Liabilities		
Deferred Revenue	\$ 4,000	\$ 42,831
Accounts Payable	30,130	13,083
Accrued Expenses and Other Liabilities	743	1,675
	34,873	57,589
Net Assets		
Unrestricted	291,818	324,893
Temporarily Restricted	48,602	54,369
	340,420	379,262
Total Liabilities and Net Assets	\$375,293	\$436,851

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, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue and Other Support			
<i>Contributions and Grants</i>			
Contributions	\$ 209,389	\$ -	\$ 209,389
United Way	-	239,486	239,486
Grants			
Federal	660,815	-	660,815
Other	119,494	-	119,494
In-Kind Contributions	700,452	-	700,452
Net Assets Released from Restrictions	245,253	(245,253)	-
	1,935,403	(5,767)	1,929,636
<i>Revenue and Gains</i>			
Special Events	19,536	-	19,536
Program Fees	146,121	-	146,121
Other Income	24,977	-	24,977
	190,634	-	190,634
Expenses			
<i>Program Services</i>			
After School Program	688,316	-	688,316
Gear Up Program	688,316	-	688,316
Summer Program	76,481	-	76,481
Other Programs	76,481	-	76,481
<i>Supporting Services</i>			
Management and General	526,568	-	526,568
Fund-Raising	86,532	-	86,532
Cost of Special Events	16,418	-	16,418
	2,159,112	-	2,159,112
Decrease in Net Assets	(33,075)	(5,767)	(38,842)
Net Assets-Beginning	324,893	54,369	379,262
Net Assets-Ending	\$ 291,818	\$ 48,602	\$ 340,420

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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	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	\$322,260	\$322,260	\$35,807	\$35,807	\$ 87,332	\$69,867	\$ -	\$ 873,333
Payroll Taxes	25,201	25,201	2,800	2,800	6,830	5,464	-	68,296
Professional Fees	16,328	16,328	1,814	1,814	26,274	-	-	62,558
Bank Fees	-	-	-	-	3,112	-	-	3,112
Depreciation	15,286	15,286	1,698	1,698	3,774	-	-	37,742
Membership and Affiliate Dues	-	-	-	-	13,486	-	-	13,486
Employee Benefits	14,802	14,802	1,645	1,645	4,011	3,208	-	40,113
Interest	-	-	-	-	40	-	-	40
Transportation	2,572	2,572	286	286	-	-	-	5,716
Insurance	10,849	10,849	1,206	1,206	4,255	-	-	28,365
Rent	166,847	166,847	18,539	18,539	342,252	-	-	713,024
Utilities	9,896	9,895	1,100	1,100	-	-	-	21,991
Janitorial	8,574	8,574	953	953	-	-	-	19,054
Postage	79	79	9	9	587	411	-	1,174
Travel	-	-	-	-	-	-	150	150
Printing	1,246	1,247	139	139	6,501	1,386	-	10,658
Entertainment	-	-	-	-	-	-	2,850	2,850
Prizes and Awards	99	99	11	11	-	-	2,651	2,871
Supplies	62,444	62,444	6,938	6,937	6,856	-	3,469	149,088
Telephone	3,990	3,990	443	443	2,217	3,694	-	14,777
Vehicle	4,585	4,585	509	509	1,798	-	-	11,986
Lodging and Meals	901	901	100	100	353	-	7,298	9,653
Conferences and Seminars	741	741	82	82	291	-	-	1,937
Training	2,040	2,040	227	227	3,281	-	-	7,815
Advertising and Marketing	3,377	3,377	375	375	-	2,502	-	10,006
Repairs and Maintenance	2,357	2,357	262	262	4,421	-	-	9,659
Recruiting	1,316	1,316	147	147	2,118	-	-	5,044
Payroll Service Fees	1,450	1,450	161	161	2,332	-	-	5,554
Computer and Technology	8,005	8,005	889	889	3,388	-	-	21,176
Security	371	371	41	42	-	-	-	825
Miscellaneous	2,700	2,700	300	300	1,059	-	-	7,059
	\$688,316	\$688,316	\$76,481	\$76,481	\$526,568	\$86,532	\$16,418	\$2,159,112

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
	<u>\$501,491</u>	<u>\$501,491</u>	<u>\$55,721</u>	<u>\$55,721</u>	<u>\$316,661</u>	<u>\$74,501</u>	<u>\$11,482</u>	<u>\$1,517,068</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

	2017	2016
Cash Flows From Operating Activities		
Decrease in Net Assets	\$ (38,842)	\$ (5,950)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	37,742	35,449
Realized Gains on Sale of Investments	-	(5)
<i>Change in</i>		
Receivable from United Way	5,767	(7,630)
Contracts and Grants Receivable	(2,209)	45,205
Other Receivables	5,000	(5,000)
Deferred Revenue	(38,831)	(12,169)
Accounts Payable	17,047	5,081
Accrued Expenses and Other Liabilities	(932)	928
	(15,258)	55,909
Cash Flows From Investing Activities		
Purchase of Property and Equipment	-	(49,092)
Proceeds from Sale of Investments	-	736
	-	(48,356)
Net Increase (Decrease) in Cash and Cash Equivalents	(15,258)	7,553
Cash and Cash Equivalents-Beginning	194,780	187,227
Cash and Cash Equivalents-Ending	\$179,522	\$194,780
Supplemental Information		
Cash Paid for Interest	\$ 40	\$ 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, allocations from the United Way of Central Georgia and various federal grants.

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, 2017 and 2016, there are no permanently restricted net assets.

Recently Issued Accounting Standards

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 within 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.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective on January 1, 2020, with early adoption permitted. The Club is in the process of evaluating the impact of this new guidance.

(1) Summary of Significant Accounting Policies (Continued)

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.

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>2017</u>	<u>2016</u>
Program Services	\$663,276	\$281,319
Supporting Services		
Other	<u>37,176</u>	<u>42,679</u>
	<u>\$700,452</u>	<u>\$323,998</u>

The Club currently has programs in seven locations where the rent is donated. The Program Services amount includes \$663,276 and \$281,319 of donated rent for the years ended December 31, 2017 and 2016, respectively. Leases related to the locations are annual leases.

(1) Summary of Significant Accounting Policies (Continued)

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.

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, 2017 and 2016. 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 of America 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 12 percent and 18 percent of its support from the United Way for the years ended December 31, 2017 and 2016, respectively. Also, approximately 71 percent and 63 percent of its grants are received from two entities for the years ended December 31, 2017 and 2016, respectively. A change in support from these entities could significantly impact the operations of the Club.

(2) Contracts and Grants Receivable

Contracts and grants receivable totaling \$72,237 and \$70,028 are comprised of amounts from various federal agencies which have not been received as of December 31, 2017 and 2016, respectively. Management believes the entire amount is collectible and an allowance for doubtful accounts is not necessary.

(3) Property and Equipment

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

	Life in Years	2017	2016
Buildings and Improvements	15-40	\$ 123,799	\$ 123,799
Equipment	5	328,235	328,235
Vehicles	5	92,894	92,894
Furniture and Fixtures	7	40,531	40,531
		585,459	585,459
Accumulated Depreciation		(510,527)	(472,785)
		\$ 74,932	\$ 112,674

(4) 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.

(5) Subsequent Events

In preparing the financial statements, the Club has evaluated events and transactions for potential recognition or disclosure through September 27, 2018, the date the financial statements were available to be issued.