

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

**FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2019 AND 2018 AND
INDEPENDENT AUDITOR'S REPORT**

BOYS & GIRLS CLUBS OF CENTRAL GEORGIA, INC.

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November 11, 2020

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, 2019 and 2018 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 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 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, 2019 and 2018 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.

Other Matters

Other Information

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 audit requirements of Title 2 U.S. Code of Federal Regulations (CRF) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 11, 2020, on our consideration of the Club'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 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 the effectiveness of the Club's 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 Club's internal control over financial reporting and compliance.

McNair, McLemore, Middlebrooks & Co., LLC
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

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

	2019	2018
Assets		
Cash and Cash Equivalents	\$ 127,901	\$ 48,976
Receivable from United Way	43,625	48,243
Contracts and Grants Receivable	107,082	146,876
Property and Equipment, Net	30,726	41,334
Total Assets	\$ 309,334	\$ 285,429
 Liabilities		
Deferred Revenue	\$ 150,000	\$ -
Accounts Payable	93,382	63,917
Accrued Expenses and Other Liabilities	285	-
Loan Payable	15,700	-
Line of Credit	24,000	-
	283,367	63,917
 Net Assets		
Without Donor Restrictions		
Undesignated	(17,658)	163,269
With Donor Restrictions		
Time-Restricted for Future Periods	43,625	48,243
Purpose Restrictions	-	10,000
	25,967	221,512
Total Liabilities and Net Assets	\$ 309,334	\$ 285,429

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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
<i>Contributions and Grants</i>			
Contributions	\$ 119,722	\$ -	\$ 119,722
United Way	-	254,482	254,482
Grants			
Federal	766,852	-	766,852
Other	127,429	-	127,429
In-Kind Contributions	681,078	-	681,078
Net Assets Released from Restrictions	269,100	(269,100)	-
	<u>1,964,181</u>	<u>(14,618)</u>	<u>1,949,563</u>
<i>Revenue and Gains</i>			
Special Events	28,230	-	28,230
Program Fees	130,773	-	130,773
Other Income	10,090	-	10,090
	<u>169,093</u>	<u>-</u>	<u>169,093</u>
Expenses			
<i>Program Services</i>			
After School Program	1,250,121	-	1,250,121
CACFP/SFSP Food Program	133,346	-	133,346
Summer Program	250,025	-	250,025
Other Programs	33,336	-	33,336
<i>Supporting Services</i>			
Management and General	535,576	-	535,576
Fund-Raising	88,620	-	88,620
Cost of Special Events	23,177	-	23,177
	<u>2,314,201</u>	<u>-</u>	<u>2,314,201</u>
Decrease in Net Assets	(180,927)	(14,618)	(195,545)
Net Assets-Beginning	163,269	58,243	221,512
Net Assets-Ending	\$ (17,658)	\$ 43,625	\$ 25,967

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, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
<i>Contributions and Grants</i>			
Contributions	\$ 161,547	\$ 10,000	\$ 171,547
United Way	-	239,509	239,509
<i>Grants</i>			
Federal	895,887	-	895,887
Other	126,964	-	126,964
In-Kind Contributions	674,649	-	674,649
Net Assets Released from Restrictions	239,868	(239,868)	-
	<u>2,098,915</u>	<u>9,641</u>	<u>2,108,556</u>
<i>Revenue and Gains</i>			
Special Events	80,140	-	80,140
Program Fees	150,244	-	150,244
Other Income	26,490	-	26,490
	<u>256,874</u>	<u>-</u>	<u>256,874</u>
Expenses			
<i>Program Services</i>			
After School Program	1,353,462	-	1,353,462
CACFP/SFSP Food Program	270,694	-	270,694
Summer Program	90,232	-	90,232
Other Programs	90,232	-	90,232
<i>Supporting Services</i>			
Management and General	546,484	-	546,484
Fund-Raising	100,892	-	100,892
Cost of Special Events	32,342	-	32,342
	<u>2,484,338</u>	<u>-</u>	<u>2,484,338</u>
Increase (Decrease) in Net Assets	(128,549)	9,641	(118,908)
Net Assets-Beginning	<u>291,818</u>	<u>48,602</u>	<u>340,420</u>
Net Assets-Ending	<u>\$ 163,269</u>	<u>\$ 58,243</u>	<u>\$ 221,512</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, 2019

	Program Services				Supporting Services			Totals
	After School Program	CACFP/ SFSP Food Program	Summer Program	Other Programs	Management and General	Fund-Raising	Cost of Special Events	
Salaries	\$ 521,042	\$ 55,578	\$ 104,208	\$ 13,894	\$ 84,723	\$ 67,778	\$ -	\$ 847,223
Payroll Taxes	42,987	4,585	8,597	1,146	6,990	5,592	-	69,897
Professional Fees	35,746	3,813	7,149	953	34,514	-	-	82,175
Bank Fees	-	-	-	-	4,644	-	-	4,644
Depreciation	12,562	1,340	2,512	335	1,863	-	-	18,612
Membership and Affiliate Dues	-	-	-	-	15,219	-	-	15,219
Employee Benefits	37,939	4,047	7,588	1,012	6,169	4,935	-	61,690
Interest	-	-	-	-	1,025	-	-	1,025
Transportation	1,928	206	386	50	-	-	-	2,570
Insurance	16,437	1,753	3,287	438	3,869	-	-	25,784
Rent	284,072	30,301	56,814	7,575	349,627	-	-	728,389
Utilities	35,959	3,836	7,192	959	-	-	-	47,946
Janitorial	3,402	363	680	91	-	-	-	4,536
Postage	94	10	19	3	416	292	-	834
Travel	-	-	-	-	-	-	1,506	1,506
Printing	1,685	180	337	45	5,269	1,123	-	8,639
Entertainment	-	-	-	-	-	-	7,150	7,150
Prizes and Awards	41	4	8	2	-	-	454	509
Supplies	204,231	21,785	40,846	5,446	1,120	-	7,531	280,959
Telephone	10,269	1,095	2,054	274	3,424	5,705	-	22,821
Vehicle	6,656	710	1,331	177	1,567	-	-	10,441
Lodging and Meals	1,128	120	226	30	265	-	6,536	8,305
Conferences and Seminars	308	33	62	8	72	-	-	483
Training	939	100	188	25	906	-	-	2,158
Advertising and Marketing	7,189	767	1,438	192	-	3,195	-	12,781
Repairs and Maintenance	6,939	740	1,388	185	6,994	-	-	16,246
Recruiting	1,458	156	292	39	1,407	-	-	3,352
Payroll Service Fees	2,511	268	502	67	2,424	-	-	5,772
Computer and Technology	8,842	943	1,769	236	2,246	-	-	14,036
Security	1,423	152	285	38	-	-	-	1,898
Miscellaneous	4,334	461	867	116	823	-	-	6,601
	<u>\$ 1,250,121</u>	<u>\$ 133,346</u>	<u>\$ 250,025</u>	<u>\$ 33,336</u>	<u>\$ 535,576</u>	<u>\$ 88,620</u>	<u>\$ 23,177</u>	<u>\$ 2,314,201</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, 2018

	Program Services				Supporting Services			Totals
	After School Program	CACFP/ SFSP Food Program	Summer Program	Other Programs	Management and General	Fund-Raising	Cost of Special Events	
Salaries	\$ 591,728	\$ 118,346	\$ 39,449	\$ 39,449	\$ 96,216	\$ 76,973	\$ -	\$ 962,161
Payroll Taxes	48,908	9,782	3,261	3,261	7,953	6,362	-	79,527
Professional Fees	35,294	7,059	2,353	2,353	34,077	-	-	81,136
Bank Fees	-	-	-	-	3,621	-	-	3,621
Depreciation	22,679	4,536	1,512	1,512	3,359	-	-	33,598
Membership and Affiliate Dues	-	-	-	-	14,841	-	-	14,841
Employee Benefits	37,815	7,563	2,521	2,521	6,149	4,919	-	61,488
Interest	-	-	-	-	64	-	-	64
Transportation	2,667	533	178	178	-	-	-	3,556
Insurance	19,828	3,966	1,322	1,322	4,665	-	-	31,103
Rent	279,290	55,858	18,619	18,619	343,743	-	-	716,129
Utilities	29,451	5,890	1,963	1,963	-	-	-	39,267
Janitorial	20,570	4,114	1,371	1,371	-	-	-	27,426
Postage	120	24	8	8	532	372	-	1,064
Travel	-	-	-	-	-	-	667	667
Printing	1,991	399	133	133	5,672	1,209	-	9,537
Entertainment	-	-	-	-	-	-	10,897	10,897
Prizes and Awards	-	-	-	-	-	-	107	107
Supplies	195,017	39,004	13,001	13,001	1,492	-	14,529	276,044
Telephone	10,134	2,027	676	676	3,378	5,630	-	22,521
Vehicle	9,942	1,988	663	663	2,339	-	-	15,595
Lodging and Meals	1,509	302	101	101	355	-	6,142	8,510
Conferences and Seminars	1,098	220	73	73	258	-	-	1,722
Training	2,955	591	197	197	2,853	-	-	6,793
Advertising and Marketing	12,210	2,442	814	814	-	5,427	-	21,707
Repairs and Maintenance	6,511	1,302	434	434	6,115	-	-	14,796
Recruiting	2,205	441	147	147	2,129	-	-	5,069
Payroll Service Fees	2,681	536	179	179	2,588	-	-	6,163
Computer and Technology	9,482	1,896	632	632	2,408	-	-	15,050
Security	1,955	391	130	130	-	-	-	2,606
Miscellaneous	7,422	1,484	495	495	1,677	-	-	11,573
	<u>\$ 1,353,462</u>	<u>\$ 270,694</u>	<u>\$ 90,232</u>	<u>\$ 90,232</u>	<u>\$ 546,484</u>	<u>\$ 100,892</u>	<u>\$ 32,342</u>	<u>\$ 2,484,338</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

	2019	2018
Cash Flows From Operating Activities		
Decrease in Net Assets	\$ (195,545)	\$ (118,908)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	18,612	33,598
<i>Change in</i>		
Receivable from United Way	4,618	359
Contracts and Grants Receivable	39,794	(74,639)
Deferred Revenue	150,000	(4,000)
Accounts Payable	29,465	33,787
Accrued Expenses and Other Liabilities	285	(743)
Loan Payable	15,700	-
	62,929	(130,546)
Cash Flows From Investing Activities		
Purchase of Property and Equipment	(8,004)	-
Cash Flows From Financing Activities		
Advances on Line of Credit	24,000	-
	78,925	(130,546)
Net Increase (Decrease) in Cash and Cash Equivalents		
	48,976	179,522
Cash and Cash Equivalents-Beginning		
	\$ 127,901	\$ 48,976
Cash and Cash Equivalents-Ending		
	\$ 127,901	\$ 48,976
Supplemental Information		
Cash Paid for Interest	\$ 1,025	\$ 64
	1,025	64

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, Boys & Girls Clubs of America grants 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.

Classification of Net Assets

The Club reports information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions category consists of net assets available for use in general operations and not subject to donor restrictions. Contributions and grants with donor-imposed restrictions met in the same period in which the contributions and grants are recognized and are reported as changes in net assets without donor restrictions.

Net Assets With Donor Restrictions are net assets 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, where the donor stipulates that resources be maintained in perpetuity. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replace most existing revenue recognition guidance in U. S. GAAP. The ASU may change amounts recognized as revenue when compared to prior revenue recognition guidance. The ASU also requires expanded disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Club will adopt the revenue recognition standard on June 1, 2020, in accordance with ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), Effective Dates for Certain Entities*. The Club is reviewing Topic 606 to determine its future impact upon adoption.

(1) Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Standards (Continued)

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. ASU 2016-02 is effective for annual periods beginning after December 15, 2020, with early adoption permitted. On April 8, 2020, FASB voted to delay the effective date of this standard to fiscal years beginning after December 15, 2021. 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.

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 net assets without donor restrictions 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.

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.

(1) Summary of Significant Accounting Policies (Continued)

Donated Services, Materials and Facilities (Continued)

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

	<u>2019</u>	<u>2018</u>
Program Services	\$ 663,276	\$ 663,129
Supporting Services	17,802	11,520
	<u>\$ 681,078</u>	<u>\$ 674,649</u>

The Club currently has programs in seven locations where the rent is donated. The program services amount includes \$663,276 and \$663,129 of donated rent for the years ended December 31, 2019 and 2018, 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.

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, 2019 and 2018. 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 net assets without donor restrictions 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.

(1) Summary of Significant Accounting Policies (Continued)

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, net assets with donor restrictions are classified to net assets without donor restrictions 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.

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 13 percent and 12 percent of its support from the United Way for the years ended December 31, 2019 and 2018. Also, approximately 94 percent and 77 percent of its grants are received from two entities for the years ended December 31, 2019 and 2018, respectively. A change in support from these entities could significantly impact the operations of the Club.

(2) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and Cash Equivalents	\$	127,901
Receivable from United Way		43,625
Contracts and Grants Receivable		<u>107,082</u>
	\$	<u><u>278,608</u></u>

(3) Contracts and Grants Receivable

Contracts and grants receivable totaling \$107,082 and \$146,876 are comprised of amounts from various federal agencies which have not been received as of December 31, 2019 and 2018, respectively. Management believes the entire amount is collectible and an allowance for doubtful accounts is not necessary.

(4) Property and Equipment

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

	Life in Years	2019	2018
Buildings and Improvements	15-40	\$ 123,799	\$ 123,799
Equipment	5	336,239	328,235
Vehicles	5	92,894	92,894
Furniture and Fixtures	7	40,531	40,531
		593,463	585,459
Accumulated Depreciation		(562,737)	(544,125)
		\$ 30,726	\$ 41,334

(5) Line of Credit

On April 17, 2019, the Club obtained a \$25,000 line of credit at a fixed rate of 5.75 percent from a local banking institution. Interest only payments are payable monthly. The line of credit has an outstanding balance of \$24,000 as of December 31, 2019. For the year ended December 31, 2019, interest on the note totaled \$702, and has been expensed within the accompanying financial statements.

(6) Related Party Transactions

During the year, an employee made a non-interest bearing loan to the Club in the amount of \$19,000. As of December 31, 2019, the balance was \$15,700. The remaining balance was paid in full in June 2020.

(7) Subsequent Events

As of the issuance date of these financial statements, the Coronavirus pandemic (COVID-19) was continuing to have an adverse effect on financial markets. The effects of COVID-19 are widespread and unprecedented. However, the full impact that COVID-19 will have on the Club's financial condition, liquidity, and future results of operations is uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19.

(7) Subsequent Events (Continued)

On April 13, 2020, the Club qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of \$198,965 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Club's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Club. The Club intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, the Club will be required to pay principal and interest on the PPP Loan at a rate of 1.0% per annum and commencing in November 2020. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

In preparing the financial statements, the Club has evaluated events and transactions for potential recognition or disclosure through November 11, 2020, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

BOYS & GIRLS CLUBS OF CENTRAL GEORGIA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice			
Direct Programs			
Mentoring Youth At-Risk	16.726	OJP 2018-43604	\$ 10,000
Mentoring Youth At-Risk	16.726	OJP 2018-43605	10,000
Mentoring Youth At-Risk	16.726	OJP 2018-43606	13,000
U.S. Department of Agriculture			
Pass-Through Programs			
Georgia Department of Early Care and Learning			
Summer Food Service Program	10.553	15067	106,186
Child and Adult Care Food Program	10.558	15067	369,151
U.S. Department of Health and Human Services			
Pass-Through Programs			
Georgia Department of Human Services			
Temporary Assistance for Needy Families	93.558	01-557882	182,160
Temporary Assistance for Needy Families	93.558	42700-040-000008930	62,420
Temporary Assistance for Needy Families	93.558	42700-040-000008930	10,675
Fort Valley State University			
PRIDE Navigator	93.243	CANFVSU-054	5,000
			<u>\$ 768,592</u>

The Club did not receive federal noncash assistance, insurance loans or loan guarantees.

See accompanying notes to schedule of expenditures of federal awards.

BOYS & GIRLS CLUBS OF CENTRAL GEORGIA, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Club 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 Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Club, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Club.

(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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Club has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

November 11, 2020

**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***

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

We have audited, 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, the financial statements of the **Boys & Girls Clubs of Central Georgia, Inc.** 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 our report thereon dated November 11, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Club'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 Club's internal control. Accordingly, we do not express an opinion on the effectiveness of the Club'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 Club'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 Club'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*.

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.

McNair, McLemore, Middlebrooks & Co., LLC
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

November 11, 2020

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

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

Report on Compliance for Each Major Federal Program

We have audited the **Boys & Girls Clubs of Central Georgia, 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 Club's major federal programs for the year ended December 31, 2019. The Club's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the 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 Club'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 Club'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 Club's compliance.

Opinion on Each Major Federal Program

In our opinion, the Club 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 federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the Club 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 Club's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Club'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 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 the 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.

McNair, McLemore, Middlebrooks & Co., LLC
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

**BOYS & GIRLS CLUBS OF CENTRAL GEORGIA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

A. Summary of Auditor's Results

Financial Statements

Type of Audit Report Issued		Unmodified
Internal Control Over Financial Reporting		
Material Weakness(es) Identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant Deficiency(ies) Identified not Considered to be Material Weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance Material to Financial Statements Noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal Control Over Major Programs		
Material Weakness(es) Identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant Deficiency(ies) Identified not Considered to be Material Weakness(es)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported

Type of Audit Report Issued on Compliance for Major Programs		Unmodified
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Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR Section 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.558	Child and Adult Care Food Program (CACFP)
10.559	Summer Food Service Program for Children (SFSP)

Dollar Threshold Used to Distinguish Between Type A and Type B Programs		\$750,000
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Auditee Qualified as Low-Risk Auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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**BOYS & GIRLS CLUBS OF CENTRAL GEORGIA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

B. Financial Statements Findings

None

C. Major Federal Awards Program Findings and Questioned Costs

None

**BOYS & GIRLS CLUBS OF CENTRAL GEORGIA, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Financial Statements Findings

None