

The Boys and Girls Clubs of North Central Louisiana, Inc.

*Financial Statements
For the Year Ended December 31, 2018*



Boys and Girls Club of North Central Louisiana, Inc.
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For the Year Ended December 31, 2018

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CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

Fax (318) 322-5121

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Boys and Girls Club of North Central Louisiana, Inc.
Ruston, Louisiana 71270

We have audited the accompanying financial statements of Boys and Girls Club of North Central Louisiana, Inc., (a nonprofit organization) which comprise the statement of financial position as of December 31, 2018, 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, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Boys and Girls Club of North Central Louisiana, Inc., as of December 31, 2018, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, reimbursements, benefits and other payments to the agency head on page 13, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2019 on our consideration of Boys and Girls Club of North Central Louisiana, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boys and Girls Club of North Central Louisiana, Inc.'s internal control over financial reporting and compliance.

Cameron Hines & Company (APAC)

West Monroe, Louisiana
June 26, 2019

Boys and Girls Club of North Central Louisiana, Inc.
Statement of Financial Position
December 31, 2018

ASSETS	
Cash and Cash Equivalents	\$ 371,389
Investments	224,446
Receivables	30,303
Prepaid Expenses	8,245
Furniture & Equipment, net	57,163
TOTAL ASSETS	<u><u>\$ 691,546</u></u>

LIABILITIES AND NET ASSETS	
Liabilities	
Accounts Payable and Accrued Liabilities	<u>\$ 38,319</u>
Total Liabilities	<u>38,319</u>
Net Assets	
Without Donor Restrictions	
Undesignated	516,507
Invested in property and equipment, net of related debt	57,162
With Donor Restrictions	
Time or use restricted for future periods	<u>79,558</u>
Total Net Assets	<u><u>653,227</u></u>
	<u><u>\$ 691,546</u></u>

The accompanying notes are an integral part of this financial statement.

Boys and Girls Club of North Central Louisiana, Inc.
Statement of Activities
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, And Other Support			
Contributions			
Ruston Housing Authority	\$ -	\$ 36,000	\$ 36,000
Boys & Girls Club of America/OJP	-	66,566	66,566
AmeriCorp	-	146,610	146,610
Child & Adult Food Care Program	-	72,047	72,047
Summer Feeding Service Program	-	117,977	117,977
United Way Services	-	139,462	139,462
City of Ruston	-	50,000	50,000
Individual, Corporate, and Other	92,980	-	92,980
Designated Contributions	-	43,061	43,061
Fundraisers	275,556	-	275,556
Camp Fees	38,782	-	38,782
Special Events	-	-	-
After School Program	31,502	-	31,502
Miscellaneous	11,848	-	11,848
Investment Earnings	(10,630)	-	(10,630)
Total Revenues & Gains	440,038	671,723	1,111,761
Net Assets Released From Restrictions			
Satisfaction of Program Restrictions	632,552	(632,552)	-
Total Revenues, Gains, and Other Support	1,072,590	39,171	1,111,761
Expenses:			
Program Services	814,815	-	814,815
Support Services	213,406	-	213,406
Fundraising	75,434	-	75,434
Total Expenses	1,103,655	-	1,103,655
Loss on Disposal of Equipment	-	-	-
Increase (Decrease) in Net Assets	(31,065)	39,171	8,106
Net Assets at Beginning of Year	614,734	30,387	645,121
NET ASSETS AT END OF YEAR	\$ 583,669	\$ 69,558	\$ 653,227

The accompanying notes are an integral part of this financial statement.

Boys and Girls Club of North Central Louisiana, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2018
(With Comparative Totals for 2017)

	Program Services	Support Services	Fund Raising	Totals	
				2018	2017
Accounting Fees	\$ -	\$ 9,332	\$ -	\$ 9,332	\$ 6,851
Board Expenses	-	5,550	-	5,550	4,120
Computer Expenses	-	4,746	-	4,746	386
Depreciation	-	14,799	-	14,799	12,451
Designated Expenses	1,063	-	-	1,063	1,575
Fundraising Expenses	-	-	8,421	8,421	16,118
Office Expense	-	25,121	-	25,121	19,835
Organizational Dues	-	7,230	-	7,230	7,933
Other Human Resource Costs	106,397	24,015	11,736	142,148	116,145
Payroll Taxes	31,069	7,013	3,427	41,509	45,564
Program Expenses	41,532	-	-	41,532	30,969
Repairs & Maintenance	-	18,400	-	18,400	20,802
Resource Development	-	-	4,350	4,350	4,574
Salaries & Wages	430,633	97,200	47,500	575,333	546,237
Staff Training & Development	11,594	-	-	11,594	8,703
Summer Food Service Program	165,015	-	-	165,015	126,403
Sponsored Events	15,618	-	-	15,618	17,559
Transportation	11,894	-	-	11,894	11,708
Totals	\$ 814,815	\$ 213,406	\$ 75,434	\$ 1,103,655	\$ 997,933

The accompanying notes are an integral part of this statement.

Boys and Girls Club of North Central Louisiana, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Granting Agencies and Contributors	\$ 1,114,437
Payments to Suppliers for Goods and Services	(478,557)
Payments to Employees	(575,333)
Payment of Payroll Taxes	(41,509)
Net Cash Provided (Used) by Operating Activities	19,038

CASH FLOWS FROM INVESTING ACTIVITIES

Net Cash Provided (Used) by Investing Activities	-
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CASH FLOWS FROM FINANCING ACTIVITIES

Net Cash Provided (Used) by Financing Activities	-
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Net Increase (Decrease) in Cash and Cash Equivalents 19,038

Cash and Cash Equivalents at Beginning of Year 352,351

Cash and Cash Equivalents at End of Year \$ 371,389

**Reconciliation of Operating Income to Net Cash Provided
by Operating Activities:**

Increase in Net Assets	\$ 8,106
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Non-Cash Contributions	(19,900)
Investment Earnings	(11,466)
Unrealized Investment Losses	22,401
Depreciation	14,799
(Increase) Decrease in Accounts Receivable	11,641
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(6,543)
Net Cash Provided (Used) by Operating Activities	\$ 19,038

The accompanying notes are an integral part of this financial statement.

Boys and Girls Club of North Central Louisiana, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Boys and Girls Club of North Central Louisiana, Inc. was incorporated under the laws of the State of Louisiana on May 28, 1997. The club's principle office is in Ruston, Louisiana, and is engaged in helping youth of all backgrounds, especially those who are disadvantaged. The club is supported primarily through donor contributions, grants and other support from various organizations including the City of Ruston, Ruston Housing Authority, Boys & Girls Club of America, United Way, and the State of Louisiana.

B. Basis of Accounting

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

C. Presentation of Statements

ASC section 958-605 *Not-for-Profit Entities, Revenue Recognition* requires that unconditional promises to give (pledges) be recorded as receivables and revenue and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

Net assets, revenues, expenses, and changes in net assets are classified based on the existence or absence of donor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both. As of the year ended December 31, 2018, the Organization does not have any donor-imposed restrictions that are perpetual in nature.

D. Revenue

The club receives a substantial portion of its revenue from federal, state and local agencies. Revenue recognition depends on the contract, usually on a pro-rata basis over the life of the contract.

Boys and Girls Club of North Central Louisiana, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2018

E. Contributions

All contributions are considered to be available for undesignated use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a time or donor restriction expires, net assets are reclassified to net assets without donor restrictions.

F. Revenue and Support

Support that is restricted by the donor is reported as an increase in undesignated net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

G. Donated Materials and Services

Boys and Girls Club of North Central Louisiana, Inc. periodically receives donated materials and services. No amounts have been reflected in the financial statements for these materials and services.

H. Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

I. Investments

The club carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

J. Fixed Assets

Boys and Girls Club of North Central Louisiana, Inc. follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$500. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Computer and equipment	5 years
Vehicles	5 years
Furniture and fixtures	7 years
Leasehold Improvements	15 years

K. Functional Allocations of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Boys and Girls Club of North Central Louisiana, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2018

L. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. Income Taxes

Boys and Girls Club of North Central Louisiana, Inc. is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, Boys and Girls Club of North Central Louisiana, Inc. has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended December 31, 2018.

The provisions of ASC 740-10 (Formerly FASB Interpretation No. 48 (FIN 48)) were adopted by the organization on January 1, 2009. The adoption of FIN 48 did not result in any changes to net assets or deferred income tax liabilities.

Accrued interest and penalties associated with uncertain tax positions are included as a component of the provision for income taxes. There were no unrecognized tax benefits at January 1, 2009. For the year ended December 31, 2018, there were no unrecognized tax benefits, or accrued interest and penalties.

The company files Form 990, an informational tax return in the U.S. federal tax jurisdiction. Federal tax returns prior to 2015 are closed.

N. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

2. RECEIVABLES

Receivables include the following:

	2018
AmeriCorps 2018	\$ 7,173
CACFP 18-19	15,779
Ruston Housing Authority	6,000
Other	1,351
Total	\$ <u>30,303</u>

Boys and Girls Club of North Central Louisiana, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2018

3. INVESTMENTS

The Club's investments at December 31, 2018 consisted of cash reserve funds, equities, and publicly traded partnerships (PTPs). They are recorded in the financial statements at fair value based on quoted prices in active markets (level 1) of the securities on a recurring basis as summarized below:

	Quoted Prices in Active Markets for Identical Assets (Level 1 Inputs)	Other Observable Inputs (Level 2 Inputs)	Significant Unobservable Inputs (Level 3 Inputs)
Cash Reserves	\$ 106,043	\$ -	\$ -
Equities	195	-	-
PTPs	118,208	-	-
Totals	\$ 224,446	\$ -	\$ -

Investment return at December 31, 2018 is as follows:

Net Realized and Unrealized Losses	\$ (22,401)
Interest and Dividends	11,771
Total Investment Return	\$ (10,630)

4. FURNITURE AND EQUIPMENT

Furniture and equipment is summarized below:

	Balance 12/31/2017	Additions	Retirements	Balance 12/31/2018
Furniture & Fixtures	\$ 8,149	\$ -	\$ -	\$ 8,149
Computers & Equipment	22,283	-	-	22,283
Vehicles	49,451	-	-	49,451
Buildings	1,302	-	-	1,302
Leasehold Improvements	71,554	-	-	71,554
Total	\$ 152,739	\$ -	\$ -	\$ 152,739
Accumulated Depreciation	\$ (80,777)	\$ (14,799)	\$ -	\$ (95,576)
Net Furniture & Equipment	\$ 71,962	\$ (14,799)	\$ -	\$ 57,163

Depreciation expense was \$14,799 for the year ended December 31, 2018.

Boys and Girls Club of North Central Louisiana, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2018

5. FACILITIES

Boys and Girls Club of North Central Louisiana, Inc.'s facilities are provided by the City of Ruston. No rent is paid under an agreement that began in January, 2005. The club is responsible for all occupancy costs and normal upkeep and maintenance.

6. CONCENTRATION OF CREDIT RISK

Boys and Girls Club of North Central Louisiana, Inc. maintains bank accounts at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). The club's cash balances at December 31, 2018 did not exceed federally insured limits.

7. PENSION PLAN

The Boys and Girls Club of North Central Louisiana, Inc. pays into a pension plan on behalf of the executive director and unit director, but does not administer the plan, nor is it responsible for payment of benefits. Contributions for year ended December 31, 2018 totaled \$26,919. Administrative fees totaled \$614.

8. RELATED PARTY TRANSACTIONS

A board member is the official agent for the Club's independent insurance agency. During the year ended December 31, 2018, insurance premiums in the amount of \$12,249 were paid by the club.

9. UNITED WAY PROGRAMS

The Boys and Girls Club of North Central Louisiana, Inc. participates in the United Way of Northeast Louisiana's Partner Agency program. As a participant in the program, the club must be in compliance with various financial, legal and accountability standards set forth by United Way.

10. FEDERAL FINANCIAL ASSISTANCE

The club receives funding through various programs, such as the Boys & Girls Club of America as a subrecipient of funds provided by the Office of Justice Programs, and also through AmeriCorps. Grant expenditures for the year ended December 31, 2018 was as follows:

<u>Grantor</u>	<u>Grant Name/Number</u>	<u>Expenditures</u>
Boys & Girls Clubs of America	OJP 2017-41802	\$ 12,000
AmeriCorp	2018	146,610
LA Dept of Education - CACFP	CACFP 17-18	44,251
LA Dept of Education - CACFP	CACFP 18-19	27,796
LA Dept of Education - SFSP	SFSP 18	117,977
Totals		\$ 348,634

11. SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through June 26, 2019, the date on which the financial statements were available to be issued.

Supplementary Information

**Boys and Girls Club of North Central Louisiana, Inc.
Schedule of Compensation, Reimbursements, Benefits,
and Other Payments to Agency Head
For the Year Ended December 31, 2018**

Schedule 1

Agency Head:

Executive Director - Mr. Eldonta' Osborne

Purpose:

Salary	\$ 107,800
Benefits - Payroll Taxes, Retirement, and Insurance	39,229
Travel	2,100
Reimbursements	-
Total Compensation, Benefits and Other Payments	<u><u>\$ 149,129</u></u>

See independent auditors' report.

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Certified Public Accountants

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West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

Fax (318) 322-5121

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*

Board of Directors
Boys and Girls Club of North Central Louisiana, Inc.
Ruston, Louisiana

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 and Girls Club of North Central Louisiana, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boys and Girls Club of North Central Louisiana, 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 and Girls Club of North Central Louisiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boys and Girls Club of North Central Louisiana, 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*.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
June 26, 2019

Boys and Girls Club of North Central Louisiana, Inc.
Schedule of Findings and Responses
For The Year Ended December 31, 2018

We have audited the financial statements of Boys and Girls Club of North Central Louisiana, Inc. as of and for the year ended December 31, 2018, and have issued our report thereon dated June 26, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of and for the year ended December 31, 2018, resulted in an unmodified opinion.

Section I- Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ___ yes X no Significant Deficiencies ___ yes X no

Compliance

Compliance Material to Financial Statements ___ yes X no

B. Federal Awards – N/A

Internal Control

Material Weaknesses ___yes ___no Significant Deficiencies ___yes ___no

Type of Opinion on Compliance
For Major Programs

Unmodified ___ Modified ___
Disclaimer ___ Adverse ___

Are their findings required to be reported in accordance with Uniform Guidance?

C. Identification of Major Programs: N/A

Dollar threshold used to distinguish between Type A and Type B Programs.

Is the auditee a “low-risk” auditee, as defined by Uniform Guidance?

**Boys and Girls Club of North Central Louisiana, Inc.
Schedule of Findings and Responses
For The Year Ended December 31, 2018**

Section II- Financial Statement Findings

None

Section III-Federal Award Findings and Question Costs

This section is not applicable for this entity.

**Boys and Girls Club of North Central Louisiana, Inc.
Schedule of Prior Year Findings
For the Year Ended December 31, 2018**

A. Report on Internal Control and Compliance Material to the Financial Statements

None

Management Letter

No management letter was issued.

CAMERON, HINES & COMPANY

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West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Boys and Girls Club of North Central Louisiana, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Boys and Girls Club of North Central Louisiana, Inc. (BGCNCL) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. BGCNCL's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect BGCNCL's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the BGCNCL's operations):¹
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the

¹ For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization's operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics²**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the BGCNCL's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Findings: Sixteen exceptions noted where BGCNCL's written policies and procedures did not address each of the above categories and subcategories.

Bank Reconciliations

- 2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify BGCNCL's main operating account. Select BGCNCL's main operating account and randomly select 4 additional accounts³ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

² The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the non-profit should have written policies and procedures relating to ethics.

³ Accounts selected may exclude savings and investment accounts that are not part of the BGCNCL's daily business operations.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings: One exception was noted where bank reconciliations did not include evidence that they were prepared within 2 months of the related statement closing date. One exception noted where there was no documentation reflecting that management had researched reconciling items that had been outstanding for more than 12 months from the statement closing date.

Collections

- 3. Obtain a listing of deposit sites⁴ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Findings: We obtained the listing and management's representation.

- 4. For each deposit site selected, obtain a listing of collection locations⁵ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Findings: No exceptions noted.

⁴ A deposit site is a physical location where a deposit is prepared and reconciled.

⁵ A collection location is a physical location where cash is collected. An BGCNCL may have one or more collection locations whose collections are brought to a deposit site for deposit.

5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Findings: No exceptions noted.

6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day)⁶. *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Findings: No exceptions noted.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

7. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Findings: We obtained the listing and management’s representation.

8. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.

⁶ If “bank reconciliations” have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for bank reconciliations.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Findings: One exception noted where the employee responsible for processing payments is not prohibited from adding/modifying vendor files. One exception noted where the employee responsible for processing payments also mails the check after it has been signed.

- 9. For each location selected under #8 above, obtain BGCNCL's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Findings: No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 10. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Findings: We obtained the listing and management's representation.

- 11. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Findings: No exceptions noted.

12. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Findings: Of the 50 individual charges tested, 5 did not have documentation of the individuals participating in meals.

Travel and Travel-Related Expense Reimbursements⁷ (excluding card transactions)

13. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: No exceptions noted.

Payroll and Personnel

14. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Findings: No exceptions noted.

⁷ Non-travel reimbursements are not required to be tested under this category.

15. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in BGCNCL's cumulative leave records.

Findings: One exception noted where BGCNCL does not keep cumulative leave records.

16. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Findings: No employees received termination payments during the fiscal period. This testing is not applicable.

17. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Findings: We obtained management's representation.

Other

18. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that BGCNCL reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the BGCNCL is domiciled.

Findings: BGCNCL did not have any misappropriations of public funds and assets during the fiscal period. This testing is not applicable.

19. Observe that the BGCNCL has posted on its premises⁸ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.⁹

Findings: One exception noted where BGCNCL did not have posted on its premises or website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds

Management's Response

We concur with the results of the procedures and are working diligently to improve controls.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
June 24, 2019

⁸ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

⁹ This notice is available for download or print at www.la.gov/hotline.