

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

***Financial Statements
For the Year Ended December 31, 2017***



Boys and Girls Club of North Central Louisiana, Inc.
Table of Contents
For the Year Ended December 31, 2017

	<u>Page</u>
<u>Basic Financial Statements</u>	
Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6-10
<u>Supplementary Information</u>	
Schedule 1 - Schedule of Functional Expenses	12
Schedule 2 - Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head	13
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 <i>Government Auditing Standards</i>	14-15
Schedule of Findings and Responses	16-17
Schedule of Prior Year Findings	18

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, 2017, and the related statements of activities, 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, 2017, 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 functional expenses on page 11, and the schedule of compensation, reimbursements, benefits and other payments to the agency head on page 12, are 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 27, 2018 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 27, 2018

Boys and Girls Club of North Central Louisiana, Inc.
Statement of Financial Position
December 31, 2017

ASSETS	
Cash and Cash Equivalents	\$ 352,351
Investments	215,481
Receivables	41,944
Prepaid Expenses	8,245
Furniture and Equipment, net	<u>71,962</u>
TOTAL ASSETS	<u>\$ 689,983</u>

LIABILITIES AND NET ASSETS	
Liabilities	
Accounts Payable and Accrued Liabilities	<u>\$ 44,862</u>
Total Liabilities	<u>44,862</u>
Net Assets	
Unrestricted Net Assets	614,734
Temporarily Restricted Net Assets	30,387
Permanently Restricted Net Assets	<u>-</u>
Total Net Assets	<u>645,121</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 689,983</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, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains, And Other Support			
Contributions			
Ruston Housing Authority	\$ -	\$ 36,000	\$ 36,000
Boys & Girls Club of America/OJP	-	208,001	208,001
AmeriCorp	-	88,100	88,100
Child & Adult Food Care Program	-	52,284	52,284
Summer Feeding Service Program	-	118,031	118,031
United Way Services	-	139,462	139,462
City of Ruston	-	50,000	50,000
Individual, Corporate, and Other	125,181	-	125,181
Designated Contributions	-	32,572	32,572
Fundraisers	245,816	-	245,816
Camp Fees	31,924	-	31,924
Special Events	1,578	-	1,578
After School Program	29,790	-	29,790
Miscellaneous	5,050	-	5,050
Investment Earnings	(34,158)	-	(34,158)
Total Revenues & Gains	405,181	724,450	1,129,631
Net Assets Released From Restrictions			
Satisfaction of Program Restrictions	726,025	(726,025)	-
Total Revenues, Gains, and Other Support	1,131,206	(1,575)	1,129,631
Expenses:			
Program Services	718,721	-	718,721
Support Services	196,958	-	196,958
Fundraising	82,254	-	82,254
Total Expenses	997,933	-	997,933
Loss on Disposal of Equipment	(1,311)	-	(1,311)
Increase (Decrease) in Net Assets	131,962	(1,575)	130,387
Net Assets at Beginning of Year	482,772	31,962	514,734
NET ASSETS AT END OF YEAR	\$ 614,734	\$ 30,387	\$ 645,121

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

Boys and Girls Club of North Central Louisiana, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Granting Agencies and Contributors	\$ 1,130,850
Payments to Suppliers for Goods and Services	(377,636)
Payments to Employees	(546,237)
Payment of Payroll Taxes	(45,564)
Net Cash Provided (Used) by Operating Activities	161,413

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Equipment	(55,540)
Net Cash Provided (Used) by Investing Activities	(55,540)

CASH FLOWS FROM FINANCING ACTIVITIES

Net Cash Provided (Used) by Financing Activities	-
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Net Increase (Decrease) in Cash and Cash Equivalents 105,873

Cash and Cash Equivalents at Beginning of Year 246,478

Cash and Cash Equivalents at End of Year \$ 352,351

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

Increase in Net Assets	\$ 130,387
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Non-Cash Contributions	(54,972)
Investment Earnings	(8,184)
Loss on Disposition of Equipment	1,311
Unrealized Investment Losses	42,342
Depreciation	12,451
(Increase) Decrease in Accounts Receivable	22,033
(Increase) Decrease in Prepaid Expenses	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	16,045
Net Cash Provided (Used) by Operating Activities	\$ 161,413

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, 2017

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. 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.

D. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

E. Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets from restriction.

F. 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.

Boys and Girls Club of North Central Louisiana, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2017

G. Cash Equivalents

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

H. 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.

I. 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

J. 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.

K. 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.

L. 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, 2017.

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

Boys and Girls Club of North Central Louisiana, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2017

January 1, 2009. For the year ended December 31, 2017, 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 2014 are closed.

M. 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:

		<u>2017</u>
AmeriCorps 2017	\$	12,225
OJP 2016		10,041
CAFP 16-17		7,399
Boys & Girls Clubs/Lowe's Grant		10,000
Other		2,279
Total	\$	<u>41,944</u>

3. INVESTMENTS

The club's investments at December 31, 2017 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	\$	94,577	\$	-	\$ -
Equities		214		-	-
PTPs		120,690		-	-
Totals	\$	<u>215,481</u>	\$	<u>-</u>	<u>-</u>

Investment return at December 31, 2017 is as follows:

Net Realized and Unrealized Losses	\$	(42,342)
Interest and Dividends		8,184
Total Investment Return	\$	<u>(34,158)</u>

Boys and Girls Club of North Central Louisiana, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2017

4. FURNITURE AND EQUIPMENT

Furniture and equipment is summarized below:

	<u>Balance</u>		<u>Additions</u>		<u>Retirements</u>		<u>Balance</u>
	<u>12/31/2016</u>						<u>12/31/2017</u>
Furniture & Fixtures	\$ 17,835	\$ -		\$ 9,686		\$ 8,149	
Computers & Equipment	29,817	-		7,534		22,283	
Vehicles	50,951	-		1,500		49,451	
Buildings	1,302	-		-		1,302	
Leasehold Improvements	17,230		55,539		1,215	71,554	
Total	<u>\$ 117,135</u>	<u>\$ 55,539</u>		<u>\$ 19,935</u>		<u>\$ 152,739</u>	
 Accumulated Depreciation	 \$ 86,951	 \$ 18,625		 \$ 12,451		 \$ 80,777	
 Net Furniture & Equipment	 <u>\$ 30,184</u>	 <u>\$ 74,164</u>		 <u>\$ 32,386</u>		 <u>\$ 71,962</u>	

Depreciation expense was \$12,451 for the year ended December 31, 2017.

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, 2017 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, 2017 totaled \$25,800. Administrative fees totaled \$733.

8. RELATED PARTY TRANSACTIONS

A board member is the official agent for the Club's independent insurance agency. During the year ended December 31, 2017, insurance premiums in the amount of \$3,047 were paid by the club.

Boys and Girls Club of North Central Louisiana, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2017

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, 2017 was as follows:

<u>Grantor</u>	<u>Grant Name/Number</u>	<u>Expenditures</u>
Boys & Girls Clubs of America	OJP 2016-40806	\$ 12,000
AmeriCorp	2017	114,245
LA Dept of Education - CACFP	CACFP 17-18	34,581
LA Dept of Education - CACFP	CACFP 16-17	27,246
LA Dept of Education - SFSP	SFSP 17	118,031
Totals		\$ 306,103

11. SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through June 27, 2018, the date on which the financial statements were available to be issued.

Supplemental Information

Boys and Girls Club of North Central Louisiana, Inc.
Schedule of Functional Expenses
For the Year Ended December 31, 2017
(With Comparative Totals for 2016)

Schedule 1

	Program Services	Support Services	Fund Raising	Totals	
				2017	2016
Accounting Fees	\$ -	\$ 6,851	\$ -	\$ 6,851	\$ 6,308
Board Expenses	-	4,120	-	4,120	5,113
Contract Labor	-	-	-	-	2,762
Computer Expenses	-	386	-	386	11,211
Depreciation	-	12,451	-	12,451	11,397
Designated Expenses	1,575	-	-	1,575	818
Fundraising Expenses	-	-	16,118	16,118	57,736
Office Expense	-	19,835	-	19,835	26,975
Organizational Dues	-	7,933	-	7,933	5,097
Other Human Resource Costs	87,100	18,945	10,100	116,145	82,503
Payroll Taxes	34,170	7,432	3,962	45,564	40,173
Program Expenses	30,969	-	-	30,969	31,660
Repairs & Maintenance	-	20,802	-	20,802	20,713
Resource Development	-	-	4,574	4,574	5,787
Salaries & Wages	409,237	89,500	47,500	546,237	475,871
Staff Training & Development	-	8,703	-	8,703	10,482
Summer Food Service Program	126,403	-	-	126,403	119,164
Sponsored Events	17,559	-	-	17,559	22,829
Transportation	11,708	-	-	11,708	14,519
Totals	\$ 718,721	\$ 196,958	\$ 82,254	\$ 997,933	\$ 951,118

See independent auditors' report.

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, 2017

Schedule 2

Agency Head:

Executive Director - Mr. Eldonta' Osborne

Purpose:

Salary	\$ 99,000
Benefits - Payroll Taxes, Retirement, and Insurance	17,645
Travel	701
Reimbursements	-
Total Compensation, Benefits and Other Payments	<u>\$ 117,346</u>

See independent auditors' report.

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West Monroe, Louisiana 71291

Mailing Address:

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West Monroe, LA 71294-2474

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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, 2017, 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 27, 2018.

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 27, 2018

Boys and Girls Club of North Central Louisiana, Inc.
Schedule of Findings and Responses
For The Year Ended December 31, 2017

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, 2017, and have issued our report thereon dated June 27, 2018. 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, 2017, 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, 2017**

Section II- Financial Statement Findings

None

Section III-Federal Award Findings and Responses

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, 2017**

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

None

Management Letter

No management letter was issued.

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West Monroe, Louisiana 71291

Mailing Address:

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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, 2017 through December 31, 2017. 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 completeness of all collections for each type of revenue or agency fund additions (e.g.

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.

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.

Board or Finance Committee³

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-

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 These procedures are not applicable to entities managed by a single elected official, such as sheriff or assessor.

actual comparisons, if budgeted) for major proprietary funds.⁴ *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of BGCNCL's collections during the fiscal period.*

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Findings: No exceptions noted.

Bank Reconciliations

- 3. 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 accounts⁵ (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);
 - 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: Four exceptions noted where bank reconciliations do not include evidence that a board member has reviewed each reconciliation. 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.

⁴ Major funds are defined under GASB standards. The related procedure addresses major funds as a way to verify that boards are provided with financial information necessary to make informed decisions about significant BGCNCL operations, including proprietary operations that are not required to be budgeted under the LGBA.

⁵ Accounts selected may exclude savings and investment accounts that are not part of the BGCNCL's daily business operations.

Collections

4. Obtain a listing of deposit sites⁶ 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.

5. For each deposit site selected, obtain a listing of collection locations⁷ 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.

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

Findings: It was noted that BGCNCL does not have insurance coverage for theft on its employees.

7. 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)⁸. *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.

⁶ A deposit site is a physical location where a deposit is prepared and reconciled.

⁷ 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.

⁸ 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.

- 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)

- 8. 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.

- 9. 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.
 - 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 there were not at least two employees involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase. 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.

- 10. 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

11. 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.

12. 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.

13. 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 42 individual charges tested, 2 did not have an original itemized receipt that identified precisely what was purchased as supporting documentation.

Travel and Travel-Related Expense Reimbursements⁹ (excluding card transactions)

14. 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: Two exceptions noted where the documentation for the reimbursement was not in enough detail to document the number of meals to be reimbursed using a per diem or the documentation was missing.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law¹⁰ (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

⁹ Non-travel reimbursements are not required to be tested under this category.

¹⁰ If the BGCNCL has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Findings: No exceptions noted.

Payroll and Personnel

16. 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.

17. 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: Three exceptions noted where employees were not documenting their attendance. Five exceptions noted where employees were not documenting their leave. Five exceptions noted where BGCNCL does not keep cumulative leave records.

18. 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' cumulate 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.

19. 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.

Ethics¹¹

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above¹², obtain ethics documentation from management, and:
- Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read BGCNCL’s ethics policy during the fiscal period.

Findings: BGCNCL is a non-profit organization and exempt from the Louisiana Code of Ethics. This testing is not applicable.

Debt Service¹³

21. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Findings: BGCNCL did not issue any bonds/notes during the fiscal period. This testing is not applicable.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Findings: BGCNCL does not have any outstanding debt. This testing is not applicable.

Other

23. 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.

¹¹ 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 procedures should be performed.

¹² If “payroll and personnel” have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for payroll and personnel.

¹³ This AUP category is generally not applicable to non-profit entities; however, if applicable, the procedures should be performed.

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

24. Observe that the BGCNCL has posted on its premises¹⁴ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.¹⁵

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 26, 2018

¹⁴ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

¹⁵ This notice is available for download or print at www.la.gov/hotline.