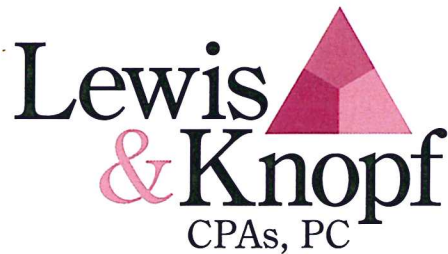


THE BOYS & GIRLS CLUB OF GREATER FLINT
FLINT, MICHIGAN
REPORT FOR THE YEAR ENDED DECEMBER 31, 2016



May 25, 2017

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
the Boys & Girls Club of Greater Flint

We have audited the accompanying financial statements of the Boys & Girls Club of Greater Flint (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits containing 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 & Girls Club of Greater Flint as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2017, on our consideration of the Boys and Girls Club of Greater Flint'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 the Boys and Girls Club of Greater Flint's internal control over financial reporting and compliance.



LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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BOYS & GIRLS CLUB OF GREATER FLINT
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|
| <u>ASSETS</u> | | |
| <u>CURRENT ASSETS</u> | | |
| Cash and Cash Equivalents, Including Agency Funds | \$458,660 | \$343,931 |
| Grants Receivable | 26,883 | 17,764 |
| Agency Funds Held for Others | 718 | 0 |
| Prepaid Expenses | 9,418 | 10,125 |
| Total Current Assets | \$495,679 | \$371,820 |
| <u>FIXED ASSETS - NET</u> | 181,941 | 260,724 |
| <u>OTHER ASSETS</u> | | |
| Investments | 562,455 | 531,122 |
| <u>TOTAL ASSETS</u> | \$1,240,075 | \$1,163,666 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| <u>CURRENT LIABILITIES</u> | | |
| Accounts Payable | \$22,142 | \$14,612 |
| Accrued Payroll and Payroll Taxes | 22,206 | 18,154 |
| Agency Funds Held for Others | 0 | 3,178 |
| Total Current Liabilities | \$44,348 | \$35,944 |
| <u>DEFERRED REVENUE</u> | 197,600 | 275,250 |
| <u>NET ASSETS</u> | | |
| Unrestricted | 802,704 | 662,604 |
| Temporarily Restricted | 64,091 | 66,764 |
| Permanently Restricted | 131,332 | 123,104 |
| Total Net Assets | \$998,127 | \$852,472 |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | \$1,240,075 | \$1,163,666 |

See accompanying notes and auditor's opinion.

BOYS & GIRLS CLUB OF GREATER FLINT
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

| | 2016 | | | Total |
|--|--------------------|---------------------------|---------------------------|--------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | |
| <u>REVENUE, GAINS, AND OTHER</u> | | | | |
| <u>SUPPORT</u> | | | | |
| <u>Support</u> | | | | |
| Federal Grants | \$97,482 | \$0 | \$0 | \$97,482 |
| Local Grants | 643,230 | 0 | 0 | 643,230 |
| Total Support | <u>\$740,712</u> | <u>\$0</u> | <u>\$0</u> | <u>\$740,712</u> |
| <u>Revenue</u> | | | | |
| Program Revenue | 3,353 | 0 | 0 | 3,353 |
| Donations | 454,527 | 0 | 3,115 | 457,642 |
| Donated Goods and Services | 77,866 | 0 | 0 | 77,866 |
| Special Events - Net | 92,204 | 0 | 0 | 92,204 |
| Retail Sales - Net | 0 | 0 | 0 | 0 |
| Interest and Dividend Income | 2,795 | 0 | 0 | 2,795 |
| Realized Gain on Investments | 33,109 | 0 | 0 | 33,109 |
| Unrealized Gain (Loss) on Investments | 0 | 0 | 5,113 | 5,113 |
| (Loss) on Sale of Assets | (25,277) | 0 | 0 | (25,277) |
| Miscellaneous | 14,709 | 0 | 0 | 14,709 |
| Total Revenue | <u>\$653,286</u> | <u>\$0</u> | <u>\$8,228</u> | <u>\$661,514</u> |
| Net Assets Released from Restrictions | 2,673 | (2,673) | 0 | 0 |
| Total Revenue, Gains and Other Support | <u>\$1,396,671</u> | <u>(\$2,673)</u> | <u>\$8,228</u> | <u>\$1,402,226</u> |
| <u>EXPENSES</u> | | | | |
| <u>Functional Expenses:</u> | | | | |
| Program Services | 992,349 | 0 | 0 | 992,349 |
| Administrative Services | 264,222 | 0 | 0 | 264,222 |
| Total Expenses | <u>\$1,256,571</u> | <u>\$0</u> | <u>\$0</u> | <u>\$1,256,571</u> |
| Change in Net Assets | \$140,100 | (\$2,673) | \$8,228 | \$145,655 |
| <u>NET ASSETS - BEGINNING</u> | <u>662,604</u> | <u>66,764</u> | <u>123,104</u> | <u>852,472</u> |
| <u>NET ASSETS - ENDING</u> | <u>\$802,704</u> | <u>\$64,091</u> | <u>\$131,332</u> | <u>\$998,127</u> |

See accompanying notes and auditor's opinion.

| 2015 | | | |
|--------------------|---------------------------|---------------------------|--------------------|
| Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| \$31,902 | \$85,026 | \$0 | \$116,928 |
| 368,903 | 119,175 | 0 | 488,078 |
| <u>\$400,805</u> | <u>\$204,201</u> | <u>\$0</u> | <u>\$605,006</u> |
| 4,582 | 0 | 0 | 4,582 |
| 427,332 | 2,392 | 0 | 429,724 |
| 48,339 | 0 | 0 | 48,339 |
| 81,940 | 0 | 0 | 81,940 |
| 848 | 0 | 0 | 848 |
| 12,092 | 0 | 0 | 12,092 |
| 510 | 0 | 0 | 510 |
| (9,445) | 0 | (8,246) | (17,691) |
| 0 | 0 | 0 | 0 |
| 15,804 | 0 | 0 | 15,804 |
| <u>\$582,002</u> | <u>\$2,392</u> | <u>(\$8,246)</u> | <u>\$576,148</u> |
| <u>267,267</u> | <u>(267,267)</u> | <u>0</u> | <u>0</u> |
| \$1,250,074 | (\$60,674) | (\$8,246) | \$1,181,154 |
| 931,531 | 0 | 0 | 931,531 |
| 322,942 | 0 | 0 | 322,942 |
| <u>\$1,254,473</u> | <u>\$0</u> | <u>\$0</u> | <u>\$1,254,473</u> |
| (\$4,399) | (\$60,674) | (\$8,246) | (\$73,319) |
| <u>667,003</u> | <u>127,438</u> | <u>131,350</u> | <u>925,791</u> |
| <u>\$662,604</u> | <u>\$66,764</u> | <u>\$123,104</u> | <u>\$852,472</u> |

BOYS & GIRLS CLUB OF GREATER FLINT
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

| | 2016 | | |
|---|-------------------------|----------------------------|---------------------------|
| | Program Services | Administrative Services | Total |
| Payroll Expense: | | | |
| Salaries and Wages | \$345,193 | \$161,939 | \$507,132 |
| Benefits | 35,439 | 4 | 35,443 |
| Pension Expense | 8,260 | 6,813 | 15,073 |
| Payroll Taxes | 34,063 | 11,655 | 45,718 |
| Total Payroll Expense | <u>\$422,955</u> | <u>\$180,411</u> | <u>\$603,366</u> |
| Bank Fees | 0 | 5,035 | 5,035 |
| Conferences & Meetings | 12,317 | 1,120 | 13,437 |
| Contractual Services | 239,893 | 5,078 | 244,971 |
| Contributions | 320 | 0 | 320 |
| Copies | 2,321 | 813 | 3,134 |
| Donated Goods | 77,866 | 0 | 77,866 |
| Dues and Publications | 14,999 | 3,399 | 18,398 |
| Equipment | 2,224 | 2,115 | 4,339 |
| Field Trips | 5,173 | 0 | 5,173 |
| Food and Beverages | 14,933 | 169 | 15,102 |
| Fuel | 3,908 | 4,210 | 8,118 |
| Licenses and Permits | 0 | 0 | 0 |
| Insurance | 19,557 | 5,825 | 25,382 |
| Maintenance | 33,052 | 26,770 | 59,822 |
| Marketing | 1,373 | 0 | 1,373 |
| Miscellaneous | 2,664 | 2,015 | 4,679 |
| Postage | 268 | 1,575 | 1,843 |
| Rent | 0 | 0 | 0 |
| Supplies | 61,755 | 3,356 | 65,111 |
| Telephone | 2,513 | 2,513 | 5,026 |
| Transportation Services | 10,056 | 62 | 10,118 |
| Utilities | 12,432 | 18,020 | 30,452 |
| Total Expenses Before Depreciation | <u>\$940,579</u> | <u>\$262,486</u> | <u>\$1,203,065</u> |
| Depreciation Expense | <u>51,770</u> | <u>1,736</u> | <u>53,506</u> |
| <u>TOTAL FUNCTIONAL EXPENSES</u> | <u>\$992,349</u> | <u>\$264,222</u> | <u>\$1,256,571</u> |

See accompanying notes and auditor's opinion.

| 2015 | | |
|------------------|-------------------------|--------------------|
| Program Services | Administrative Services | Total |
| \$344,049 | \$189,778 | \$533,827 |
| 33,893 | 9,065 | 42,958 |
| 7,507 | 8,036 | 15,543 |
| 33,033 | 15,700 | 48,733 |
| <u>\$418,482</u> | <u>\$222,579</u> | <u>\$641,061</u> |
| 0 | 6,917 | 6,917 |
| 18,697 | 1,638 | 20,335 |
| 212,965 | 26,672 | 239,637 |
| 0 | 650 | 650 |
| 720 | 1,554 | 2,274 |
| 48,339 | 0 | 48,339 |
| 8,295 | 12,585 | 20,880 |
| 5,662 | 1,069 | 6,731 |
| 7,599 | 0 | 7,599 |
| 8,523 | 556 | 9,079 |
| 1,330 | 4,407 | 5,737 |
| 459 | 0 | 459 |
| 25,548 | 5,884 | 31,432 |
| 33,913 | 7,504 | 41,417 |
| 2,525 | 0 | 2,525 |
| 1,192 | 3,372 | 4,564 |
| 436 | 1,876 | 2,312 |
| 8,000 | 0 | 8,000 |
| 35,428 | 3,267 | 38,695 |
| 400 | 4,974 | 5,374 |
| 5,767 | 746 | 6,513 |
| 28,846 | 13,546 | 42,392 |
| <u>\$873,126</u> | <u>\$319,796</u> | <u>\$1,192,922</u> |
| <u>58,405</u> | <u>3,146</u> | <u>61,551</u> |
| <u>\$931,531</u> | <u>\$322,942</u> | <u>\$1,254,473</u> |

BOYS & GIRLS CLUB OF GREATER FLINT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

| | <u>2016</u> | <u>2015</u> |
|--|------------------|--------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | |
| Change in Net Assets | \$145,655 | (\$73,319) |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities: | | |
| Depreciation | 53,506 | 61,551 |
| Realized (Gain) on Investments | (33,109) | (510) |
| Unrealized (Gain) Loss on Investments | (5,113) | 17,691 |
| Loss on Sale of Assets | 25,277 | 0 |
| (Increase) Decrease in Assets: | | |
| Agency funds Held for Others | (718) | 0 |
| Grants Receivable | (9,119) | (2,542) |
| Prepaid Insurance | 707 | (4,808) |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable | 7,530 | 6,358 |
| Accrued Payroll and Payroll Taxes | 4,052 | (1,454) |
| Deferred Revenue | (77,650) | (149,750) |
| Agency funds Held for Others | (3,178) | (90,382) |
| Net Cash Provided By (Used In) Operating Activities | <u>\$107,840</u> | <u>(\$237,165)</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Purchase of Investments and Dividends Reinvested | 6,889 | (3,285) |
| Purchase of Furniture and Equipment | 0 | (4,083) |
| Net Cash Provided By (Used In) Investing Activities | <u>\$6,889</u> | <u>(\$7,368)</u> |
| <u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u> | <u>\$114,729</u> | <u>(\$244,533)</u> |
| Cash and Cash Equivalents at Beginning of Year | <u>343,931</u> | <u>588,464</u> |
| <u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u> | <u>\$458,660</u> | <u>\$343,931</u> |
| <u>SUPPLEMENTAL INFORMATION - NON-CASH INVESTING ACTIVITIES</u> | | |
| Donated Fixed Assets, Inventory, Supplies and Labor | \$163,993 | \$105,164 |

See accompanying notes and auditor's opinion.

THE BOYS & GIRLS CLUB OF GREATER FLINT
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The Boys & Girls Club of Greater Flint (the Club) is an organization created to provide behavior guidance and promote health, social, educational and vocational issues for boys and girls. It is the local chapter of the national Boys & Girls Club of America organization.

FINANCIAL STATEMENT PRESENTATION

Under the presentation of financial statements subtopic for not-for-profit entities of the FASB Accounting Standards Codification (FASB ASC 958-205), the Club is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Club is required to present a statement of cash flows.

As permitted by this statement, the Club has reclassified its financial statements to present the three classes of net assets required. Under FASB ASC 958-205, such receipts are reported as temporarily restricted revenue and are then reclassified to unrestricted net assets upon expiration of the time restriction. At December 31, 2016 and 2015, the Club had temporarily restricted net assets of \$64,091 and \$66,764, respectively.

The Club had permanently restricted net assets of \$131,332 and \$123,104 as of December 31, 2016 and 2015, respectively. This represents the Club's beneficial interest in the net assets of Community Foundation of Greater Flint ("Foundation"). Contributions to the Foundation are held, in perpetuity, by the Foundation with income earned to be distributed, at least annually, to the Club for the support of the Club's operations. During the years ended December 31, 2016 and 2015 the Club received distributions of income of \$6,188 and \$6,026, respectively.

CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, the Club considers all highly liquid investments available for current use with a maturity date of ninety days or less at the date of purchase to be cash and cash equivalents.

INVESTMENTS

Under the investments subtopic for not-for-profit entities of the FASB Accounting Standards Codification (FASB ASC 958-320), investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included as part of investment income in the change in net assets. Interest and dividends, net of advisory fees, also are reported as part of investment income. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

CONTRIBUTIONS AND PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give the organization, that is, in substance, unconditional. Contributions, restricted by the donor, are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of these restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Club had no unconditional promises receivable as of December 31, 2016 and 2015.

THE BOYS & GIRLS CLUB OF GREATER FLINT
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Club provides an allowance for doubtful accounts equal to the estimated losses that will be incurred in the collection of all receivables. The estimated losses are based on a review of the current status of the existing receivables. An allowance for doubtful accounts has not been established at December 31, 2016 and 2015, as any uncollectible amounts are considered immaterial.

FIXED ASSETS

Fixed assets are recorded at cost or, if donated, at fair market value at the date of the gift. The Club provides for depreciation of these assets using the straight-line method based upon acquisition cost and estimated useful lives of the assets.

The cost of maintenance and repairs is charged to operations as incurred. Renewals, betterments, and additions over \$2,500 are capitalized. When capital assets are retired or disposed of, the cost of the asset and accumulated depreciation is eliminated from the accounts, and the resulting gain or loss from such disposition is credited or charged to income. Except in the instance where assets are traded in for new equipment, any gain or loss is applied as an adjustment to the cost of the asset acquired.

On December 17, 2003, the Club purchased their main facility from Flint Community Schools for \$1. As part of the purchase agreement, Flint Community Schools retains the right of first refusal to repurchase the property, at the price of \$1, if the Club decides to lease or sell the property.

FUNCTIONAL EXPENSES

The Club allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated on various statistical basis in accordance with grantor guidelines.

DONATED MATERIALS, EQUIPMENT, AND SERVICES

Donated materials and equipment of significant value are reflected as contributions in the accompanying statements at their estimated values at date of receipt. Materials, for which values cannot reasonably be determined, such as small tools and small furniture are not recorded as contributions. Donated materials for the years ended December 31, 2016 and 2015 were \$77,866 and \$48,339, respectively.

Donated services for the years ended December 31, 2016 and 2015 were \$86,127 and \$31,902, respectively. Services were donated through federal grants by Americorps Vista and Baker College program volunteers. Services were valued by employee payroll records.

INCOME TAXES

The Boys & Girls Club of Greater Flint is a Michigan organization that qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and classified by the Internal Revenue Service as other than a private foundation. Generally, the Club's federal tax returns remain open for three years for income tax examination.

The Club does not have any accruals or uncertain tax positions that materially impact the financial statements. It is not anticipated that unrecognized tax benefits would significantly increase or decrease within the next twelve months of the reporting date.

THE BOYS & GIRLS CLUB OF GREATER FLINT
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SALES TAXES

The Club collects and remits sales tax on all sales. Sales tax collected is not included in revenues and remittances are not included in costs. Sales tax collected is recorded as a liability, with the liability relieved upon payment.

FINANCIAL INSTRUMENTS

The Club's financial instruments consist of investments, certificates of deposit, and bank deposit accounts. Unless otherwise noted, the fair values of these financial instruments are the market values of these financial instruments, and approximate their carrying value.

CONCENTRATION OF CREDIT RISK

At December 31, 2016, the recorded balance of the Club's bank accounts was \$458,567 and the bank balance was \$477,200. \$413,584 of the bank balance was covered by federal depository insurance and \$63,616 was uninsured and uncollateralized. At December 31, 2015, the recorded balance of the Club's bank accounts was \$343,837 and the bank balance was \$369,830. \$338,929 of the bank balance was covered by federal depository insurance and \$30,451 was uninsured and uncollateralized. As of December 31, 2016 and 2015 the Club had no significant concentrations of credit risk related to accounts receivable.

COMPENSATED ABSENCES

Employees of the Club are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. The amount of compensation for future absences is immaterial and accordingly, no liability has been recorded in the accompanying financial statements. The Club's policy is to recognize the cost of compensated absences when actually paid to employees.

FAIR VALUE OF FINANCIAL STATEMENTS

The Club adopted FASB Accounting Standards Codification 820 (FASB ASC 820), *Fair Value Measurements and Disclosures*, for assets and liabilities that are measured at fair value on a recurring basis.

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework for measuring fair value looks at how fair value should be determined by providing a fair value hierarchy consisting of three levels - levels 1, 2 and 3 - generally ranging from the most objective determination of fair value to the most subjective. The levels vary depending on the objectivity of the information used in valuation techniques to determine fair value. Fair value measurements generally should be based on the most objective information available.

| | |
|---------|---|
| Level 1 | Inputs are quoted prices in active markets for identical assets or liabilities. |
| Level 2 | Inputs generally are available indirect information, such as quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active. |
| Level 3 | Inputs are the most subjective, are generally based on the Club's own assumptions on how knowledgeable parties would price assets or liabilities, and are developed using the best information available in the circumstances. |

ESTIMATES

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

THE BOYS & GIRLS CLUB OF GREATER FLINT
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY RELATIONSHIP

During 2013, the Club became the fiduciary for another organization that provided basketball camp activities for area youth. All activity for this entity was accounted for by the Club and during the years ended December 31, 2016 and December 31, 2015, the entity has unspent funds of \$0 and \$3,178, respectively, for cash shortfalls. This amount is shown as a part of Agency Funds Held for Others on the Club's statement of financial position.

During 2014, the Club became the fiduciary for another organization named Hero Town Flint that recognizes individuals in the area for making a difference for the area youth. All activity for this entity was accounted for by the Club and during the year ended December 31, 2015. This fiduciary relationship ended in 2015.

2) INVESTMENTS

Investments are held under an organization agreement and are recorded at fair market value as determined by the organization with which the investments are held. Unrealized gains and losses are included in the change in net assets.

The amortized cost, gross realized gains, gross unrealized losses and approximate market value of investment securities as of December 31, 2016 and 2015 are as follows:

| | 2016 | | |
|--|-------------------|---------------------------------------|----------------------|
| | Amortized Cost | Gross Unrealized Gains (Losses) | Fair Market Value |
| Endowment - Community Foundation of Greater Flint | \$167,733 | \$(12,001) | \$155,732 |
| Mutual Funds | 282,718 | 124,005 | 406,723 |
| <u>TOTAL</u> | <u>\$450,451</u> | <u>\$112,004</u> | <u>\$562,455</u> |
| | 2015 | | |
| | Amortized Cost | Gross Unrealized Gains (Losses) | Fair Market Value |
| Endowment - Community Foundation of Greater Flint | \$168,426 | \$(17,113) | \$151,313 |
| Mutual Funds | 272,831 | 106,978 | 379,809 |
| <u>TOTAL</u> | <u>\$441,257</u> | <u>\$89,865</u> | <u>\$531,122</u> |

THE BOYS & GIRLS CLUB OF GREATER FLINT
NOTES TO FINANCIAL STATEMENTS

3) FIXED ASSETS

Major classifications of fixed assets and their respective depreciable lives are summarized below:

| | <u>2016</u> | <u>2015</u> | Depreciable Live (Years) |
|--------------------------------|----------------------|----------------------|-----------------------------|
| Computer Equipment | \$42,560 | \$70,321 | 3 – 5 |
| Office Equipment | 34,724 | 36,521 | 5 – 7 |
| Improvements | 421,992 | 461,825 | 7 – 39 |
| Program Equipment | 191,440 | 207,434 | 5 – 7 |
| Total Fixed Assets | <u>\$690,716</u> | <u>\$776,101</u> | |
| Less: Accumulated Depreciation | <u>508,775</u> | <u>515,377</u> | |
| <u>FIXED ASSETS – NET</u> | <u>\$181,941</u> | <u>\$260,724</u> | |

4) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following periods:

| | <u>2016</u> | <u>2015</u> |
|-------------------------------|---------------------|---------------------|
| December 31, | <u>\$64,091</u> | <u>\$66,764</u> |
| These funds are comprised of: | | |
| Donation for Berston | \$50,217 | \$50,217 |
| Donation for Education | 13,706 | 13,631 |
| Hank Aaron Scholarship | <u>168</u> | <u>2,916</u> |
| <u>TOTAL</u> | <u>\$64,091</u> | <u>\$66,764</u> |

5) PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of an endowment fund with the Community Foundation of Greater Flint. Amounts permanently restricted are the original investment (corpus) plus any gifts to the corpus plus or minus the effect of market value fluctuations.

| | <u>2016</u> | <u>2015</u> |
|-------------------------------|----------------------|----------------------|
| Beginning of Year Corpus | \$123,104 | \$131,350 |
| Gifts | 3,115 | 0 |
| Valuation Adjustments | <u>5,113</u> | <u>(8,246)</u> |
| <u>END OF YEAR CORPUS</u> | <u>\$131,332</u> | <u>\$123,104</u> |

6) PENSION PLAN

The pension plan was replaced by a 401(k) plan effective January 1, 2012. All pension account balances were transferred to the 401(k) at that date. The pension expense for the year ended December 31, 2016 and 2015 was \$15,073, and \$15,543, respectively.

THE BOYS & GIRLS CLUB OF GREATER FLINT
NOTES TO FINANCIAL STATEMENTS

7) SPECIAL EVENTS

During the years ended December 31, 2016 and 2015, the Club conducted various fundraisers. The fundraisers are as follows:

| | <u>2016</u> | <u>2015</u> |
|---|-----------------|-----------------|
| <u>Golf Outing</u> | | |
| Gross Receipts | \$43,456 | \$40,641 |
| Less: Expenses | <u>(6,856)</u> | <u>(13,052)</u> |
| <u>NET GOLF OUTING</u> | <u>\$36,600</u> | <u>\$27,589</u> |
| <u>Steak and Burger/Suits and Sauce</u> | | |
| Gross Receipts | \$52,799 | \$50,705 |
| Less: Expenses | <u>(3,812)</u> | <u>(3,382)</u> |
| <u>NET STEAK AND BURGER</u> | <u>\$48,987</u> | <u>\$47,323</u> |
| <u>Annual Fund</u> | | |
| Gross Receipts | \$600 | \$0 |
| Less: Expenses | <u>0</u> | <u>0</u> |
| <u>NET ANNUAL FUND</u> | <u>\$600</u> | <u>\$0</u> |
| <u>Wine, Women & Chocolate</u> | | |
| Gross Receipts | \$0 | \$4,598 |
| Less: Expenses | <u>0</u> | <u>(500)</u> |
| <u>NET WINE, WOMEN & CHOCOLATE</u> | <u>\$0</u> | <u>\$4,098</u> |
| <u>Sock Hop</u> | | |
| Gross Receipts | \$5,335 | \$0 |
| Less: Expenses | <u>(295)</u> | <u>0</u> |
| <u>NET SOCK HOP</u> | <u>\$5,040</u> | <u>\$0</u> |
| <u>Dodging for Dollars</u> | | |
| Gross Receipts | \$1,300 | \$3,650 |
| Less: Expenses | <u>(323)</u> | <u>(720)</u> |
| <u>NET DODGING FOR DOLLARS</u> | <u>\$977</u> | <u>\$2,930</u> |
| <u>SPECIAL EVENTS - NET</u> | <u>\$92,204</u> | <u>\$81,940</u> |

THE BOYS & GIRLS CLUB OF GREATER FLINT
NOTES TO FINANCIAL STATEMENTS

8) FAIR VALUE MEASUREMENTS

As of December 31, 2016 and 2015, the Club held certain financial assets that are required to be measured at fair value on a recurring basis. The following table presents information on these assets as well as the fair value hierarchy used to determine their fair value:

| | As of December 31, 2016 | | | |
|-----------------------|-------------------------|---------|---------|-----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Marketable Securities | \$562,455 | \$0 | \$0 | \$562,455 |

| | As of December 31, 2015 | | | |
|-----------------------|-------------------------|---------|---------|-----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Marketable Securities | \$531,122 | \$0 | \$0 | \$531,122 |

9) AGENCY FUNDS

The Mateen Cleaves Basketball Camp (the Camp) has appointed the Club as the agent to hold their funds. The Club receives funds from various vendors for the Camp and pays vendors according to the Camp's directive. The following table presents information on the activity of the Camp:

| | 2016 | 2015 |
|----------------------|---------|-----------|
| Balance January 1, | \$3,178 | \$30 |
| Gross Receipts | 5,104 | 278,861 |
| Less Expenses | (9,000) | (275,713) |
| Balance December 31, | (\$718) | \$3,178 |

Hero Town Flint has appointed the Club as the agent to hold their funds. The Club receives funds and donations from various vendors and pays vendors accordingly to Hero Town Flint's directive. The following table presents information on the activity of Hero Town Flint:

| | 2016 | 2015 |
|----------------------|------|----------|
| Balance January 1, | \$0 | \$93,530 |
| Gross Receipts | 0 | 500 |
| Less Expenses | 0 | (94,030) |
| Balance December 31, | \$0 | \$0 |

10) SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the auditor's opinion, the date on which the financial statements were available to be issued.



May 25, 2017

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of the
Boys & Girls Club of Greater Flint

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Boys & Girls Club of Greater Flint (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated May 25, 2017.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Boys & Girls Club of Greater Flint'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 & Girls Club of Greater Flint's internal control. Accordingly, we do not express an opinion on the effectiveness of Boys & Girls Club of Greater Flint'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 & Girls Club of Greater Flint'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.



LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS



Lewis
& Knopf
CPAs, PC