

THE BOYS & GIRLS CLUB OF GREATER FLINT

FLINT, MICHIGAN

REPORT FOR THE YEAR ENDED DECEMBER 31, 2017



June 28, 2018

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, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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, 2017 and 2016, 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 June 28, 2018, 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.

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, 2017 AND 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$372,323	\$458,660
Grants Receivable	15,000	26,883
Agency Funds Held for Others	0	718
Prepaid Expenses	14,743	9,418
Total Current Assets	<u>\$402,066</u>	<u>\$495,679</u>
<u>FIXED ASSETS - NET</u>	142,626	181,941
<u>OTHER ASSETS</u>		
Investments	<u>638,229</u>	<u>562,455</u>
<u>TOTAL ASSETS</u>	<u>\$1,182,921</u>	<u>\$1,240,075</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$7,721	\$22,142
Accrued Payroll and Payroll Taxes	21,020	22,206
Total Current Liabilities	<u>\$28,741</u>	<u>\$44,348</u>
<u>DEFERRED REVENUE</u>	186,173	197,600
<u>NET ASSETS</u>		
Unrestricted	782,686	802,704
Temporarily Restricted	36,187	64,091
Permanently Restricted	149,134	131,332
Total Net Assets	<u>\$968,007</u>	<u>\$998,127</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$1,182,921</u>	<u>\$1,240,075</u>

See accompanying notes and auditor's opinion.



2016			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$97,482	\$0	\$0	\$97,482
643,230	0	0	643,230
<u>\$740,712</u>	<u>\$0</u>	<u>\$0</u>	<u>\$740,712</u>
3,353	0	0	3,353
454,527	0	3,115	457,642
77,866	0	0	77,866
92,204	0	0	92,204
2,795	0	0	2,795
33,109	0	0	33,109
0	0	5,113	5,113
(25,277)	0	0	(25,277)
14,709	0	0	14,709
<u>\$653,286</u>	<u>\$0</u>	<u>\$8,228</u>	<u>\$661,514</u>
2,673	(2,673)	0	0
<u>\$1,396,671</u>	<u>(\$2,673)</u>	<u>\$8,228</u>	<u>\$1,402,226</u>
992,349	0	0	992,349
264,222	0	0	264,222
<u>\$1,256,571</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,256,571</u>
\$140,100	(\$2,673)	\$8,228	\$145,655
662,604	66,764	123,104	852,472
<u>\$802,704</u>	<u>\$64,091</u>	<u>\$131,332</u>	<u>\$998,127</u>



2016		
Program Services	Administrative Services	Total
\$345,193	\$161,939	\$507,132
35,439	4	35,443
8,260	6,813	15,073
34,063	11,655	45,718
<u>\$422,955</u>	<u>\$180,411</u>	<u>\$603,366</u>
0	5,035	5,035
12,317	1,120	13,437
239,893	5,078	244,971
320	0	320
2,321	813	3,134
77,866	0	77,866
14,999	3,399	18,398
2,224	2,115	4,339
5,173	0	5,173
14,933	169	15,102
3,908	4,210	8,118
0	0	0
19,557	5,825	25,382
33,052	26,770	59,822
1,373	0	1,373
2,664	2,015	4,679
268	1,575	1,843
61,755	3,356	65,111
2,513	2,513	5,026
10,056	62	10,118
12,432	18,020	30,452
<u>\$940,579</u>	<u>\$262,486</u>	<u>\$1,203,065</u>
<u>51,770</u>	<u>1,736</u>	<u>53,506</u>
<u><u>\$992,349</u></u>	<u><u>\$264,222</u></u>	<u><u>\$1,256,571</u></u>

BOYS & GIRLS CLUB OF GREATER FLINT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	(\$30,120)	\$145,655
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	38,662	53,506
Realized (Gain) on Investments	(4,967)	(33,109)
Unrealized (Gain) Loss on Investments	(65,794)	(5,113)
Loss on Sale of Assets	653	25,277
(Increase) Decrease in Assets:		
Agency funds Held for Others	718	(718)
Grants Receivable	11,883	(9,119)
Prepaid Insurance	(5,325)	707
Increase (Decrease) in Liabilities:		
Accounts Payable	(14,421)	7,530
Accrued Payroll and Payroll Taxes	(1,186)	4,052
Deferred Revenue	(11,427)	(77,650)
Agency funds Held for Others	0	(3,178)
Net Cash Provided By (Used In) Operating Activities	<u>(\$81,324)</u>	<u>\$107,840</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Investments and Dividends Reinvested	<u>(5,013)</u>	<u>6,889</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>(\$86,337)</u>	<u>\$114,729</u>
Cash and Cash Equivalents at Beginning of Year	<u>458,660</u>	<u>343,931</u>
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u><u>\$372,323</u></u>	<u><u>\$458,660</u></u>
<u>SUPPLEMENTAL INFORMATION - NON-CASH INVESTING ACTIVITIES</u>		
Donated Fixed Assets, Inventory, Supplies and Labor	\$203,621	\$163,993

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, 2017 and 2016, the Club had temporarily restricted net assets of \$36,187 and \$64,091, respectively.

The Club had permanently restricted net assets of \$149,134 and \$131,332 as of December 31, 2017 and 2016, 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, 2017 and 2016 the Club received distributions of income of \$6,247 and \$6,188, 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, 2017 and 2016.

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, 2017 and 2016, 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, 2017 and 2016 were \$32,919 and \$77,866, respectively.

Donated services for the years ended December 31, 2017 and 2016 were \$170,702 and \$86,127, respectively. Services were donated through federal grants by Americorps Vista 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, 2017, the recorded balance of the Club's bank accounts was \$372,323 and the bank balance was \$397,581. \$313,998 of the bank balance was covered by federal depository insurance and \$83,632 was uninsured and uncollateralized. 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. As of December 31, 2017 and 2016 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

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, 2017 and 2016 are as follows:

	2017		
	Amortized Cost	Gross Unrealized Gains (Losses)	Fair Market Value
Endowment - Community Foundation of Greater Flint	\$ 167,415	\$ 5,801	\$ 173,216
Mutual Funds	293,017	171,996	465,013
<u>TOTAL</u>	<u>\$ 460,432</u>	<u>\$ 177,797</u>	<u>\$ 638,229</u>
	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>

3) FIXED ASSETS

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

	2017	2016	Depreciable Live (Years)
Computer Equipment	\$ 13,922	\$ 42,560	3 - 5
Office Equipment	31,744	34,724	5 - 7
Improvements	419,492	421,992	7 - 39
Program Equipment	172,157	191,440	5 - 7
Total Fixed Assets	\$ 637,315	\$ 690,716	
Less: Accumulated Depreciation	494,689	508,775	
<u>FIXED ASSETS - NET</u>	<u>\$ 142,626</u>	<u>\$181,941</u>	

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

4) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following periods:

	2017	2016
December 31,	\$ 36,187	\$ 64,091
These funds are comprised of:		
Donation for Berston	\$ 0	\$ 50,217
Donation for Education	23,103	13,706
Hank Aaron Scholarship	3,694	168
Technology Program	9,390	0
<u>TOTAL</u>	\$ 36,187	\$ 64,091

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.

	2017	2016
Beginning of Year Corpus	\$ 131,332	\$ 123,104
Gifts	0	3,115
Valuation Adjustments	17,802	5,113
<u>END OF YEAR CORPUS</u>	\$ 149,134	\$ 131,332

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, 2017 and 2016 was \$15,467, and \$15,073, respectively.

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

7) SPECIAL EVENTS

During the years ended December 31, 2017 and 2016, the Club conducted various fundraisers. The fundraisers are as follows:

	<u>2017</u>	<u>2016</u>
Golf Outing		
Gross Receipts	\$43,211	\$43,456
Less: Expenses	<u>(11,248)</u>	<u>(6,856)</u>
<u>NET GOLF OUTING</u>	<u>\$31,963</u>	<u>\$36,600</u>
<u>Steak and Burger/Suits and Sauce</u>		
Gross Receipts	\$45,578	\$52,799
Less: Expenses	<u>(5,131)</u>	<u>(3,812)</u>
<u>NET STEAK AND BURGER</u>	<u>\$40,447</u>	<u>\$48,987</u>
Annual Fund		
Gross Receipts	\$2,305	\$600
Less: Expenses	<u>(443)</u>	<u>0</u>
<u>NET ANNUAL FUND</u>	<u>\$1,862</u>	<u>\$600</u>
Sock Hop		
Gross Receipts	\$0	\$5,335
Less: Expenses	<u>0</u>	<u>(295)</u>
<u>NET SOCK HOP</u>	<u>\$0</u>	<u>\$5,040</u>
<u>Dodging for Dollars</u>		
Gross Receipts	\$0	\$1,300
Less: Expenses	<u>0</u>	<u>(323)</u>
<u>NET DODGING FOR DOLLARS</u>	<u>\$0</u>	<u>\$977</u>
<u>SPECIAL EVENTS - NET</u>	<u>\$74,272</u>	<u>\$92,204</u>

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

8) FAIR VALUE MEASUREMENTS

As of December 31, 2017 and 2016, 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, 2017			Total
	Level 1	Level 2	Level 3	
Marketable Securities	\$ 638,229	\$ 0	\$ 0	\$ 638,229

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

9) AGENCY FUNDS

The Mateen Cleaves Basketball Camp (the Camp) had appointed the Club as the agent to hold their funds. The Club received funds from various vendors for the Camp and paid vendors according to the Camp's directive. The club ended the fiduciary relationship in 2015. The following table presents information on the undisbursed funds of the Camp:

	2017	2016
Balance January 1,	(\$718)	\$3,178
Gross Receipts	718	5,104
Less Expenses	0	(9,000)
Balance December 31,	\$0	(\$718)

10) UPCOMING CHANGES

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The ASU will change the way all NFPs classify net assets and prepare financial statements. It is effective for annual financial statements issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018.

11) 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.