

BOYS AND GIRLS CLUB OF THE MISSISSIPPI DELTA
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

BOYS AND GIRLS CLUB OF THE MISSISSIPPI DELTA

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Boys and Girls Club of
the Mississippi Delta
Yazoo City, Mississippi

We have audited the accompanying financial statements of the Boys and Girls Club of the Mississippi Delta (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, 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.

Auditors' 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 the Mississippi Delta as of December 31, 2014 and 2013, 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.

Town, Brown & Pines Co.

August 19, 2015

FINANCIAL STATEMENTS

BOYS AND GIRLS CLUB OF THE MISSISSIPPI DELTA

STATEMENTS OF FINANCIAL POSITION

December 31, 2014 and 2013

	<u>ASSETS</u>	
	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash (Note 3)	\$ 44,233	\$ 63,735
Federal grants receivable	92,247	35,074
Other grants receivable	4,890	4,732
Other receivable	127	585
United Way promise to give (Note 2)	8,081	7,000
Prepaid expenses	<u>4,137</u>	<u>6,254</u>
 Total Current Assets	 <u>153,715</u>	 <u>117,380</u>
 PROPERTY AND EQUIPMENT		
Land (Notes 3 and 4)	47,500	47,500
Buildings (Notes 3 and 4)	321,653	297,497
Equipment and furniture	<u>250,859</u>	<u>251,382</u>
	620,012	596,379
Accumulated depreciation	<u>(281,728)</u>	<u>(269,745)</u>
	<u>338,284</u>	<u>326,634</u>
 OTHER ASSETS		
Cash restricted for property and equipment	74,360	30,085
Security deposits	<u>549</u>	<u>549</u>
 Total Other Assets	 <u>74,909</u>	 <u>30,634</u>
 TOTAL ASSETS	 <u>\$ 566,908</u>	 <u>\$ 474,648</u>

(Continued)

LIABILITIES AND NET ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT LIABILITIES		
Current portion of long-term debt (Note 3)	\$ 4,913	\$ 4,582
Accounts payable	7,225	4,367
Payroll taxes and withholdings payable	1,240	1,600
Accrued wages	<u>10,861</u>	<u>14,517</u>
 Total Current Liabilities	 24,239	 25,066
 LONG-TERM DEBT, net of current portion (Note 3)	 <u>33,553</u>	 <u>38,431</u>
 Total Liabilities	 <u>57,792</u>	 <u>63,497</u>
 NET ASSETS		
Unrestricted	146,604	84,112
Temporarily restricted (Note 4)	315,012	279,539
Permanently restricted (Note 4)	<u>47,500</u>	<u>47,500</u>
 Total Net Assets	 <u>509,116</u>	 <u>411,151</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 566,908</u>	 <u>\$ 474,648</u>

The accompanying notes are an integral part of the financial statements.

BOYS AND GIRLS CLUB OF THE MISSISSIPPI DELTA

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2014 and 2013

	2014	2013
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Grants:		
Federal	\$ 301,484	\$ 303,967
Other	41,545	63,906
Contributions:		
Special events	120,247	87,607
Other	186,328	228,125
Program fees	7,658	11,887
Gain on sale of equipment	250	-
Miscellaneous	819	783
	658,331	696,275
Net assets released from restrictions	137,327	112,609
Total Support and Revenue	795,658	808,884
EXPENSES		
Program services:		
Youth development	487,455	580,577
Supporting services:		
Management and general	195,994	213,247
Fund-raising	49,717	42,956
Total Expenses	733,166	836,780
Change In Unrestricted Net Assets	62,492	(27,896)
TEMPORARILY RESTRICTED NET ASSETS		
Non-cash contributions	87,520	95,107
Other grants and contributions	85,280	7,000
Net assets released from restrictions	(137,327)	(112,609)
Change in Temporarily Restricted Net Assets	35,473	(10,502)
CHANGE IN NET ASSETS	97,965	(38,398)
NET ASSETS - BEGINNING OF YEAR	411,151	449,549
NET ASSETS - END OF YEAR	\$ 509,116	\$ 411,151

The accompanying notes are an integral part of the financial statements.

BOYS AND GIRLS CLUB OF THE MISSISSIPPI DELTA

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2014

	Program Services		Supporting Services		Total
	Youth Development	Management & General	Fund- Raising		
Conferences and training	\$ 622	\$ 1,742	\$ -	\$ 2,364	
Contract services	9,156	10,434	-	19,590	
Depreciation	22,189	910	-	23,099	
Dues and subscriptions	17,108	696	-	17,804	
Facilities and equipment	79,921	6,310	1,792	88,023	
Insurance	34,704	6,144	-	40,848	
Interest	-	3,614	-	3,614	
Miscellaneous	326	3,207	-	3,533	
Office supplies	-	2,251	-	2,251	
Postage	642	1,065	-	1,707	
Professional fees	-	9,572	-	9,572	
Program supplies	25,491	-	-	25,491	
Repairs and maintenance	5,571	505	-	6,076	
Salaries and benefits	261,045	142,149	21,637	424,831	
Snacks and meals	9,117	-	-	9,117	
Special events	-	-	26,288	26,288	
Telephone and internet	6,255	2,759	-	9,014	
Travel	5,623	4,636	-	10,259	
Utilities	9,685	-	-	9,685	
Total Expenses	<u>\$ 487,455</u>	<u>\$ 195,994</u>	<u>\$ 49,717</u>	<u>\$ 733,166</u>	

The accompanying notes are an integral part of the financial statements.

BOYS AND GIRLS CLUB OF THE MISSISSIPPI DELTA

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2013

	Program Services		Supporting Services		Total
	Youth Development	Management & General	Fund- Raising		
Conferences and training	\$ 1,236	\$ 3,657	\$ -	\$ 4,893	
Contract services	89	1,500	-	1,589	
Depreciation	26,705	2,789	-	29,494	
Dues and subscriptions	14,064	750	-	14,814	
Facilities and equipment	86,926	9,743	2,712	99,381	
Insurance	30,321	8,210	-	38,531	
Interest	253	3,699	-	3,952	
Miscellaneous	2,431	3,701	-	6,132	
Office supplies	1,182	4,900	-	6,082	
Postage	353	1,000	-	1,353	
Professional fees	-	9,514	-	9,514	
Program supplies	28,600	-	-	28,600	
Repairs and maintenance	7,251	1,720	-	8,971	
Salaries and benefits	331,314	152,706	28,827	512,847	
Snacks and meals	17,356	-	-	17,356	
Special events	-	-	11,417	11,417	
Telephone and internet	9,670	3,118	-	12,788	
Travel	9,649	6,240	-	15,889	
Utilities	13,177	-	-	13,177	
Total Expenses	<u>\$ 580,577</u>	<u>\$ 213,247</u>	<u>\$ 42,956</u>	<u>\$ 836,780</u>	

The accompanying notes are an integral part of the financial statements.

BOYS AND GIRLS CLUB OF THE MISSISSIPPI DELTA

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 97,965	\$ (38,398)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	23,099	29,494
Gain on sale of equipment	(250)	-
Non-cash contributions of equipment	(1,500)	-
Contributions restricted for property improvements	(62,500)	-
(Increase) decrease in:		
Federal grants receivable	(57,173)	(15,553)
Other grants receivable	(158)	7,603
Other receivables	458	(585)
United Way promise to give	(1,081)	-
Prepaid expenses	2,117	198
Increase (decrease) in:		
Accounts payable	2,858	(1,995)
Payroll taxes and withholdings payable	(360)	(124)
Accrued wages	<u>(3,656)</u>	<u>(3,013)</u>
Net Cash Used In Operating Activities	<u>(181)</u>	<u>(22,373)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(33,249)	(949)
Proceeds from sale of equipment	<u>250</u>	<u>-</u>
Net Cash Used In Investing Activities	<u>(32,999)</u>	<u>(949)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Restricted cash used for property improvements	18,225	623
Repayment of long-term debt	<u>(4,547)</u>	<u>(4,237)</u>
Net Cash Provided By (Used In) Financing Activities	<u>13,678</u>	<u>(3,614)</u>

(Continued)

BOYS AND GIRLS CLUB OF THE MISSISSIPPI DELTA

STATEMENTS OF CASH FLOWS - CONTINUED

Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
NET DECREASE IN CASH	(19,502)	(26,936)
CASH, BEGINNING OF YEAR	<u>63,735</u>	<u>90,671</u>
CASH, END OF YEAR	<u>\$ 44,233</u>	<u>\$ 63,735</u>
SUPPLEMENTAL DATA:		
Interest paid	<u>\$ 3,614</u>	<u>\$ 3,952</u>
Non-cash contributions of equipment	<u>\$ 1,500</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

BOYS AND GIRLS CLUBS OF THE MISSISSIPPI DELTA

NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2014 and 2013

NOTE 1. Summary of Significant Accounting Policies

Organization and Activities

The Boys and Girls Club of the Mississippi Delta (the "Organization") provides educational, athletic and social activities for youth in the Mississippi Delta region. The Organization is funded primarily by grants and contributions.

Concentration of Support

A significant portion of the Organization's support and revenue was provided by federal grants that were passed through other organizations.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and reflect all significant receivables, payables and other liabilities.

Restricted Cash

For purposes of the Statements of Cash Flows, cash excludes the amounts restricted by donors for the purchase of property and equipment.

Property and Equipment

Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded at their estimated fair value at the date of donation. Maintenance and repairs are charged to expense when incurred. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets.

Contributions

Unconditional promises to give are recognized as receivables when notifications of the promises to give are received by the Organization.

(Continued)

Notes to Consolidated Financial Statements – Continued

NOTE 1. Summary of Significant Accounting Policies - Continued

The Organization reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports contributions of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provisions of the State of Mississippi and has not been classified as a private foundation by the Internal Revenue Service.

The Organization files its Form 990 information returns in the U.S. federal jurisdiction and the State of Mississippi. The Organization is generally no longer subject to income tax examinations for the years ended December 31, 2010, and prior.

Expense Allocations

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

Estimates

The preparation of financial statements in conformity with U.S. 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.

(Continued)

Notes to Consolidated Financial Statements – Continued

NOTE 2. Promises to Give

Unconditional promises to give at December 31, 2014 and 2013, consisted of \$8,081 and \$7,000, respectively, that was receivable from the United Way of Leflore County in the subsequent year for use in the operations of the Organization's Leflore County location.

In addition, a grantor has made a \$37,500 conditional promise to give for certain property improvements. This conditional promise to give is not reflected as a receivable because the conditions had not yet been met at December 31, 2014.

NOTE 3. Long-Term Debt

Details of long-term debt at December 31, 2014 and 2013, are as follows:

	<u>2014</u>	<u>2013</u>
Note payable to bank; monthly installments of \$621, including interest at 7%, maturing in June, 2021; secured by a deed of trust on the Organization's property in Grenada, MS and by its bank accounts with the lender, and guaranteed by certain members of the Organization's board of directors.	\$ 38,466	\$ 43,013
Less current maturities	<u>(4,913)</u>	<u>(4,582)</u>
	<u>\$ 33,553</u>	<u>\$ 38,431</u>

The future scheduled maturities of long-term debt are as follows:

2015	\$ 4,913
2016	5,268
2017	5,649
2018	6,057
2019	6,495
Thereafter	<u>10,084</u>
	<u>\$ 38,466</u>

NOTE 4. Net Assets

The Organization's club locations in Grenada, Mississippi and Greenwood, Mississippi consist of land and buildings that were donated to the Organization with restrictions requiring the property to be used by the Organization as club units. As a result, the land's estimated values at the dates of donation are reflected as permanently restricted net assets and the buildings' estimated values at the dates of donation less accumulated depreciation are reflected as temporarily restricted net assets.

(Continued)

Notes to Consolidated Financial Statements – Continued

NOTE 4. Net Assets – Continued

Temporarily restricted net assets were restricted for the following purposes as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Subsequent year operations	\$ 8,081	\$ 7,000
Property and equipment acquisition or improvements	<u>74,360</u>	<u>30,085</u>
	82,441	37,085
Buildings required to be used as club locations	<u>232,571</u>	<u>242,454</u>
	<u>\$ 315,012</u>	<u>\$ 279,539</u>

Permanently restricted net assets were restricted for the following purpose as of December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Land required to be used as club locations	<u>\$ 47,500</u>	<u>\$ 47,500</u>

NOTE 5. Operating Leases

The Organization leases certain office equipment and facilities under operating leases, and rent expense under these leases was \$170 and \$5,222 in 2014 and 2013, respectively.

NOTE 6. Contributed Facilities Use

Some of the Organization's office space and club units are located in properties which are owned by local governmental entities, and no rent is charged to the Organization for the use of these properties. The estimated annual value of the contributed facilities use is \$86,020 and \$94,159 for the years ended December 31, 2014 and 2013, respectively, and is included in the financial statements as both contributions revenue and facilities and equipment expense.

(Continued)

Notes to Consolidated Financial Statements – Continued

NOTE 7. Retirement Plan

The Organization maintains a SIMPLE IRA retirement plan under which the Organization matches each employee's contributions to the plan up to 3% of the employee's eligible compensation. The Organization's retirement plan contributions for the years ended December 31, 2014 and 2013, totaled \$6,092 and \$6,346, respectively.

NOTE 8. Contingencies

The Organization participates in several state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. No provision has been made for liabilities that may arise from such grantor audits since the amounts, if any, cannot be determined at this date.

NOTE 9. Subsequent Events

Subsequent events have been evaluated by management of the Organization through August 19, 2015, which is the date that the financial statements were available to be issued.