

**Boys & Girls Clubs of  
North Georgia, Inc.**

**Financial Statements**

**December 31, 2014 and 2013**

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**RL Jennings & Associates, PC**  
Certified Public Accountants

R. Lee Jennings, CFCA, CGMA, CPA  
Mona Evans, CPA  
Joe Sapp, CPA  
Thomas H. Evans, Jr., CPA  
Marvin Chance, CPA

Member of  
American Institute of  
Certified Public Accountants  
Georgia Society of  
Certified Public Accountants

Sherry L. Estes, CPA  
Kevin Dover, CPA  
Katherine S. Washington, CPA  
David E DeScalzo, CPA, CFE, PC

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Boys & Girls Clubs of North Georgia, Inc.

We have audited the accompanying financial statements of the Boys & Girls Clubs of North Georgia, Inc. (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.

**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. 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 Clubs of North Georgia, Inc. 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.



R L Jennings & Associates, PC

Rome, Georgia  
July 13, 2015

506 East Third Street  
Rome, Georgia 30161  
Phone 706.802.1945 Fax 706.802.1279

[www.romecpa.com](http://www.romecpa.com)  
[www.ellijaycpa.com](http://www.ellijaycpa.com)

14224 Hwy 515 North Suite 700  
Ellijay, Georgia 30540  
Phone 706.273.1945 Fax 706.273.1946

## **SUPPLEMENTARY DATA**

BOYS & GIRLS CLUBS OF NORTH GEORGIA, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash	\$ 659,545	\$ 549,783
Grants receivable	19,529	18,337
Pledges receivable - net of allowance	468,700	33,139
Prepaid expense	4,508	3,482
Other assets	99,037	7,035
	<hr/>	<hr/>
<b>TOTAL CURRENT ASSETS</b>	<b>1,251,319</b>	<b>611,776</b>
<b>PROPERTY AND EQUIPMENT</b>		
Land	427,000	427,000
Furniture	760	5,468
Equipment	7,872	29,961
	<hr/>	<hr/>
	435,632	462,429
Less: accumulated depreciation	(6,430)	(33,655)
	<hr/>	<hr/>
	429,202	428,774
	<hr/>	<hr/>
	<b>\$ 1,680,521</b>	<b>\$ 1,040,550</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Other current liabilities	\$ -	\$ -
	<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>		
Unrestricted, undesignated	164,657	26,200
Temporarily restricted	1,515,864	1,014,350
	<hr/>	<hr/>
	1,680,521	1,040,550
	<hr/>	<hr/>
	<b>\$ 1,680,521</b>	<b>\$ 1,040,550</b>

See independent auditor's report and notes to the financial statements.

BOYS & GIRLS CLUBS OF NORTH GEORGIA, INC.  
 STATEMENTS OF ACTIVITIES  
 For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
UNRESTRICTED NET ASSETS		
SUPPORT		
State and federal grants	\$ 127,389	\$ 96,960
Member dues	13,265	6,948
Contributions	130,783	114,351
Special events	21,392	16,158
Program service fees	33,472	34,621
Inkind donations	154,693	88,928
TOTAL UNRESTRICTED SUPPORT AND REVENUE	<u>480,994</u>	<u>357,966</u>
Net assets released from restrictions:		
Satisfaction of purpose restrictions	<u>137,336</u>	<u>-</u>
TOTAL UNRESTRICTED SUPPORT, REVENUE AND RECLASSIFICATIONS	<u>618,330</u>	<u>357,966</u>
EXPENSES		
Program expenses	350,330	268,873
Management and general expenses	81,499	69,417
Fund raising expenses	48,044	43,932
	<u>479,873</u>	<u>382,222</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>138,457</u>	<u>(24,256)</u>
TEMPORARILY RESTRICTED NET ASSETS SUPPORT		
Capital campaign donations and pledges	618,061	127,035
Net assets released from restrictions	(137,336)	-
Inkind donations for capital project	19,205	-
Interest income	1,584	1,961
	<u>501,514</u>	<u>128,996</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>501,514</u>	<u>128,996</u>
INCREASE (DECREASE) IN NET ASSETS	639,971	104,740
NET ASSETS, beginning of year	<u>1,040,550</u>	<u>935,810</u>
NET ASSETS, end of year	<u>\$ 1,680,521</u>	<u>\$ 1,040,550</u>

See independent auditor's report and notes to the financial statements.

BOYS & GIRLS CLUBS OF NORTH GEORGIA, INC.  
 STATEMENTS OF CASH FLOWS  
 For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 639,971	\$ 104,740
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,637	4,466
(Increase) decrease in grants receivable	(1,192)	(4,278)
(Increase) decrease in prepaid expenses	(1,026)	(1,431)
(Increase) decrease in other assets	(92,002)	(7,035)
(Increase) decrease in pledges receivable	(435,561)	459,711
(Gain) loss on disposal of property	154	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>111,981</u>	<u>556,173</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash payments for the purchase of property	(2,219)	(427,000)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(2,219)</u>	<u>(427,000)</u>
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	109,762	129,173
<b>CASH AND EQUIVALENTS, BEGINNING</b>	<u>549,783</u>	<u>420,610</u>
<b>CASH AND EQUIVALENTS, ENDING</b>	<u>\$ 659,545</u>	<u>\$ 549,783</u>

See independent auditor's report and notes to the financial statements.

BOYS & GIRLS CLUBS OF NORTH GEORGIA, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 For the Year Ended December 31, 2014

	Supporting Services			Totals
	Program Services	Management and General	Fund Raising	
Compensation and related expenses	\$ 162,692	\$ 41,906	\$ 41,906	\$ 246,504
Advertising	-	-	-	-
Depreciation	-	1,637	-	1,637
Dues and subscriptions	-	5,373	-	5,373
Equipment repair and rental	200	-	-	200
Facilities	137,632	13,920	-	151,552
Insurance	-	5,938	-	5,938
Loss on disposal of assets	-	154	-	154
Office expense	8,669	2,890	826	12,385
Professional fees	-	3,500	-	3,500
Programs	11,300	-	-	11,300
Repairs and maintenance	2,541	2,541	-	5,082
Scholarships	-	-	-	-
Special events	1,047	-	3,566	4,613
Supplies	9,218	-	840	10,058
Telephone	4,230	906	906	6,042
Travel and meetings	-	2,734	-	2,734
Utilities	12,801	-	-	12,801
<b>Total expenses</b>	<b>\$ 350,330</b>	<b>\$ 81,499</b>	<b>\$ 48,044</b>	<b>\$ 479,873</b>

See independent auditor's report and notes to the financial statements.



BOYS & GIRLS CLUBS OF NORTH GEORGIA, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 For the Year Ended December 31, 2013

	Supporting Services			Totals
	Program Services	Management and General	Fund Raising	
Compensation and related expenses	\$ 147,644	\$ 36,605	\$ 36,605	\$ 220,854
Advertising	-	-	-	-
Depreciation	-	4,465	-	4,465
Dues and subscriptions	-	4,768	-	4,768
Equipment repair and rental	675	892	-	1,567
Facilities	78,900	6,000	-	84,900
Insurance	-	3,267	-	3,267
Office expense	8,396	2,799	50	11,244
Professional fees	-	3,700	-	3,700
Programs	14,287	-	-	14,287
Repairs and maintenance	1,963	1,963	-	3,926
Scholarships	2,500	-	-	2,500
Special events	679	-	5,881	6,560
Supplies	220	-	397	617
Telephone	4,664	999	999	6,663
Travel and meetings	-	3,959	-	3,959
Utilities	8,945	-	-	8,945
<b>Total expenses</b>	<b>\$ 268,873</b>	<b>\$ 69,417</b>	<b>\$ 43,932</b>	<b>\$ 382,222</b>

See independent auditor's report and notes to the financial statements.

BOYS & GIRLS CLUBS OF NORTH GEORGIA, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Boys & Girls Clubs of North Georgia, Inc. (the Organization) is a non-profit community based entity. The Organization helps young people of all backgrounds, with special concern for those from disadvantaged circumstances, develop the qualities needed to become responsible citizens and leaders, irrespective of race, color, creed or national origin. The Organization serves the Pickens and Gilmer County area.

Basis of Accounting

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

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification 958 (ASC 958) formerly SFAS 117, Financial Statements of Not-for-Profit Organizations. Under ASC 958, the Organization 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.

Use of 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.

Property and Equipment

Acquisitions of property and equipment are capitalized. Property and equipment are stated at historical cost and donated fixed assets are stated at fair market value on the date of donation. Depreciation is computed using the straight-line method.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted and Unrestricted Revenue and Support

The Organization elected to adopt Accounting Standards Codification 958 (ASC 958) formerly SFAS No. 116, Accounting for Contributions Received and Contributions Made in 1996. In accordance with ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

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 are reported in the Statement of Activities as net assets released from restrictions.

Donated Services

The Organization received donated services from various organizations and individuals. Most of the services performed are a normal part of the program or supporting services, but the Organization does not exercise direct control over the employment and duties of the donors of the services. Accordingly, the value of these services is not recorded as a contribution.

Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c) (3).

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturity of those financial instruments.

BOYS & GIRLS CLUBS OF NORTH GEORGIA, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are 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 the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine non-collectible unconditional promises receivable. The allowance is based on prior years experience and management's analysis of specific promises made.

Uncertain Tax Positions

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3), except on income derived from unrelated business activities. The Organization had no unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Organization maintains a bank account at local banks. Accounts at each institution are fully insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The total cash held by the Organization at December 31, 2014 and 2013 includes \$256,582 and \$147,431, respectively, in monies that are not covered by the insurance provided by the federal government. It is the opinion of management that the solvency of the financial institutions is not of particular concern at this time.

NOTE 3 – RISK MANAGEMENT AND LITIGATION

The Organization is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Organization maintains coverage from commercial insurance companies. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

BOYS & GIRLS CLUBS OF NORTH GEORGIA, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014 and 2013

NOTE 4 – FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE 5 – ADVERTISING COSTS

The Organization uses advertising to promote its programs among the individuals it serves. These costs are expensed as incurred. During 2014 and 2013 advertising costs totaled \$0 and \$0, respectively.

NOTE 6 – DONATED FACILITIES

The Organization had use of several facilities in the areas it services. Below is a summary of the facilities and estimated values which are reflected in the Statements of Activities:

The Pickens County Parks and Recreation Department donated facilities for meeting places and activities at Roper Park and Ludville Community Center. The value of the donated facilities at Roper Park is estimated at \$24,000. The value of the donated facilities at Ludville Community Center is estimated at \$30,000.

Jasper Middle School donated facilities for meeting places and activities. The value of the donated facilities is estimated at \$9,600.

Pickens County Middle School donated facilities for meeting places and activities. The value of the donated facilities is estimated at \$12,000.

Gilmer County Schools donated facilities for meeting places and activities. The value of the donated facilities is estimated at \$60,000.

The Executive Director donated facilities for office space. The value of the donated facilities is estimated at \$13,920.

BOYS & GIRLS CLUBS OF NORTH GEORGIA, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2014 and 2013

NOTE 7—PLEDGES RECEIVABLE

Pledges receivable consist of the following at December 31, 2014:

	Due in 1 Year	Due in 1-5 Years	Total
Capital campaign pledges receivable	\$ 468,700	\$ -	\$ 468,700
Less: allowance for uncollectable	<u>-</u>	<u>-</u>	<u>-</u>
Net pledges receivable	<u>\$ 468,700</u>	<u>\$ -</u>	<u>\$ 468,700</u>

The capital campaign pledges receivable are restricted to use for costs and expenses of a new facility and of the campaign itself. A private foundation agreed to pledge \$500,000 under an agreement that \$2,521,241 in gifts and formal written pledges is collected. The foundation donated \$350,000 of this amount in 2015 for pledges collected to date. The remaining \$150,000 is not included in the receivable due to the contingent nature of the pledge.

NOTE 8 - LINE OF CREDIT

The Organization signed an unsecured line of credit for up to \$15,000 on October 1, 2013 at a local bank. At December 31, 2014 and 2013, no withdrawals had been made on this line.

NOTE 9 – RESTRICTIONS ON NET ASSETS

Net assets in the amount of \$1,515,864 and \$1,014,350 at December 31, 2014 and 2013 are temporarily restricted for the construction of a new club building.

NOTE 10 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 13, 2015, the date which the financial statements were available to be issued.