

**BOYS & GIRLS CLUBS OF COLLIN COUNTY, INC.**

**Financial Statements**

**For the Year Ended December 31, 2018**

# CHARLES O. PAUL

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Boys & Girls Clubs of Collin County, Inc.

We have audited the accompanying financial statements of Boys & Girls Clubs of Collin County, Inc. (the Organization) which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 audit. We conducted our audit 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 of 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 Boys & Girls Clubs of Collin County, Inc. as of December 31, 2018 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.**

***Report on Summarized Comparative Information***

**We have previously audited the Boys & Girls Clubs of Collin County, Inc.'s 2017 financial statements, and our report dated May 17, 2018 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statement from which it has been derived.**



**CHARLES O. PAUL, CPA  
May 20, 2019**

**BOYS & GIRLS CLUBS OF COLLIN COUNTY, INC.**  
**Statement of Financial Position**  
**December 31, 2018**  
**With Summarized Financial Information**  
**At December 31, 2017**

<u><b>ASSETS</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>
Cash and cash equivalents	\$ 456,767	\$ 359,064
Unconditional promises to give	199,282	40,834
Other current assets	32,388	29,817
Property and equipment, net of accumulated depreciation	3,823,887	3,801,666
Other assets	4,550	4,550
Restricted cash	55,943	48,424
Restricted investments	<u>681,109</u>	<u>749,006</u>
 Total assets	 <u><u>\$ 5,253,926</u></u>	 <u><u>\$ 5,033,361</u></u>
 <u><b>LIABILITIES AND NET ASSETS</b></u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 170,998	\$ 72,169
Unspent insurance proceeds	-	151,594
Deferred revenue	18,206	16,548
Notes payable	<u>795,110</u>	<u>802,860</u>
 Total liabilities	 <u>984,314</u>	 <u>1,043,171</u>
 Commitments and contingencies		
Net assets:		
Unrestricted	3,514,829	3,175,202
Temporarily restricted	749,783	809,988
Permanently restricted	<u>5,000</u>	<u>5,000</u>
 Total net assets	 <u>4,269,612</u>	 <u>3,990,190</u>
 Total liabilities and net assets	 <u><u>\$ 5,253,926</u></u>	 <u><u>\$ 5,033,361</u></u>

The accompanying notes are an integral part of the financial statements  
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**BOYS & GIRLS CLUBS OF COLLIN COUNTY, INC.**  
**Statement of Activities**  
**For the Year Ended December 31, 2018**  
**With Summarized Financial Information**  
**For the Year Ended December 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>2017</u>
<b>SUPPORT AND REVENUE:</b>					
Program fees	\$ 591,427	\$ -	\$ -	\$ 591,427	\$557,349
United Way contributions	54,467	-	-	54,467	47,592
Special events, net of \$571,667 in expenses	986,073	-	-	986,073	999,949
Capital campaign, net of \$45,599 in expenses	134,401	-	-	134,401	90,000
Contributions	449,413	-	-	449,413	516,570
Contributions - in-kind	356,588	-	-	356,588	278,092
Bequest	-	-	-	-	-
Grants	877,070	-	-	877,070	609,121
Investment income	6,470	12,731	-	19,201	5,687
Realized investment gains (losses)	-	(4,598)	-	(4,598)	1,910
Unrealized investment gains (losses)	-	(68,338)	-	(68,338)	5,391
Other income	66,308	-	-	66,308	31,695
Assets released from restriction	-	-	-	-	-
	<u>3,522,217</u>	<u>(60,205)</u>	<u>-</u>	<u>3,462,012</u>	<u>3,143,356</u>
<b>Expenses:</b>					
Program services	2,563,686	-	-	2,563,686	2,503,366
<b>Supporting services:</b>					
Administration	248,062	-	-	248,062	220,197
Fundraising	370,842	-	-	370,842	342,802
Total supporting services	<u>618,904</u>	<u>-</u>	<u>-</u>	<u>618,904</u>	<u>562,999</u>
Total expenses	<u>3,182,590</u>	<u>-</u>	<u>-</u>	<u>3,182,590</u>	<u>3,066,365</u>
Change in net assets	339,627	(60,205)	-	279,422	<u>\$ 76,991</u>
Net assets, beginning of year	<u>3,175,202</u>	<u>809,988</u>	<u>5,000</u>	<u>3,990,190</u>	
Net assets, end of year	<u>\$ 3,514,829</u>	<u>\$ 749,783</u>	<u>\$ 5,000</u>	<u>\$ 4,269,612</u>	

The accompanying notes are an integral part of the financial statements

**BOYS & GIRLS CLUBS OF COLLIN COUNTY, INC.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2018**  
**With Summarized Financial Information**  
**For the Year Ended December 31, 2017**

	2018	2017
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 279,422	\$ 76,991
Adjustments to reconcile the increase in net assets to net cash provided by operating activities:		
Assets acquired through in-kind donation	(134,092)	(134,092)
Depreciation	261,439	253,248
Change in promises to give	(158,448)	(5,891)
Change in other assets	(2,571)	(23,720)
Change in accounts payable and accrued liabilities	100,487	6,311
Change in unspent insurance proceeds	(151,594)	151,594
	<b>194,643</b>	<b>324,441</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of land	-	-
Increase in restricted cash and investments	60,378	(11,801)
Capital expenditures	(68,466)	(68,466)
	<b>(8,088)</b>	<b>(80,267)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from line of credit	(50,000)	(50,000)
Net payments on notes payable	(38,306)	(38,306)
	<b>(88,306)</b>	<b>(88,306)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>98,249</b>	<b>155,868</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>359,064</b>	<b>203,196</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 457,313</b>	<b>\$ 359,064</b>
<b>Schedule of non-cash investing and financing activities:</b>		
None		
<b>Supplemental cash flow information:</b>		
Interest received	19,201	\$ 5,687
Interest paid	(39,952)	(44,241)

The accompanying notes are an integral part of the financial statements

**BOYS & GIRLS CLUBS OF COLLIN COUNTY, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2018**  
**With Summarized Financial Information**  
**For the Year Ended December 31, 2017**

	Program Services					Supporting Services				
	McKinney Branch	Plano Branch	Frisco Branch	Other Programs	Total	General & Administrative	Fund Raising	Total	Total	2017
Salaries	\$ 400,815	\$ 421,750	\$ 425,674	\$ -	\$ 1,248,239	\$ 131,576	\$ 270,457	\$ 402,033	\$ 1,650,272	\$ 1,627,609
Payroll taxes	30,880	32,398	32,874	-	96,152	9,710	18,991	28,701	124,853	125,221
Employee benefits	49,626	47,334	59,570	-	156,530	53,443	13,056	66,499	223,029	217,726
<b>Total salaries and related expenses</b>	<b>481,321</b>	<b>501,482</b>	<b>518,118</b>	<b>-</b>	<b>1,500,921</b>	<b>194,729</b>	<b>302,504</b>	<b>497,233</b>	<b>1,998,154</b>	<b>1,970,556</b>
Professional fees	\$ 13,409	\$ 16,542	\$ 20,285	\$ 1,415	\$ 51,651	\$ 7,158	\$ 34,534	41,692	\$ 93,343	\$ 79,594
Supplies and program expense	7,951	6,648	11,324	11,121	37,044	6,830	15,482	22,312	59,356	71,707
Telephone	7,804	7,827	9,203	-	24,834	2,397	2,396	4,793	29,627	29,321
Postage and shipping	44	44	44	-	132	334	1,463	1,797	1,929	2,373
Dues and memberships	2,435	2,425	2,374	-	7,234	150	200	350	7,584	6,765
Occupancy	51,535	192,061	46,703	-	290,299	12,218	10,774	22,992	313,291	290,607
Local transportation/travel	26,651	58,140	34,611	9,832	129,234	857	-	857	130,091	102,464
Conferences and conventions	2,528	2,978	3,103	-	8,609	675	-	675	9,284	7,069
Uniforms and clothing	1,817	1,764	1,549	24	5,154	-	-	-	5,154	6,920
Fieldtrips	11,545	17,045	28,663	100	57,353	-	-	-	57,353	45,763
Awards and grants	83	83	84	-	250	421	-	421	671	582
Equipment repair	5,583	2,500	4,084	-	12,167	1,118	885	2,003	14,170	11,456
Bank and merchant fees	6,284	6,594	7,996	-	20,874	5,956	410	6,366	27,240	15,219
Miscellaneous	1,298	984	1,884	-	4,166	483	86	569	4,735	2,678
Dues to Affiliates	3,722	3,722	3,722	-	11,166	-	-	-	11,166	10,722
Equipment rental	6,274	6,454	6,110	-	18,838	1,924	2,108	4,032	22,870	21,019
Insurance	28,400	31,278	30,015	-	89,693	3,643	-	3,643	93,336	92,276
Licenses and permits	682	282	881	-	1,845	-	-	-	1,845	1,785
Interest	-	-	38,287	-	38,287	1,665	-	1,665	39,952	44,241
	<b>178,045</b>	<b>357,371</b>	<b>250,922</b>	<b>22,492</b>	<b>808,830</b>	<b>45,829</b>	<b>68,338</b>	<b>114,167</b>	<b>922,997</b>	<b>842,561</b>
Depreciation	89,471	57,235	107,229	-	253,935	7,504	-	7,504	261,439	253,248
<b>Total</b>	<b>\$ 748,837</b>	<b>\$ 916,088</b>	<b>\$ 876,269</b>	<b>\$ 22,492</b>	<b>\$ 2,563,686</b>	<b>\$ 248,062</b>	<b>\$ 370,842</b>	<b>\$ 618,904</b>	<b>\$ 3,182,590</b>	<b>\$ 3,066,365</b>

The accompanying notes are an integral part of the financial statements

**BOYS & GIRLS CLUBS OF COLLIN COUNTY, INC.**  
**Notes to Financial Statements**

**1. Summary of Significant Accounting Policies**

**(a) Organization and Operations**

The Boys & Girls Clubs of Collin County, Inc. (the "Organization") is a Texas nonprofit corporation incorporated in 1968 under the laws of the State of Texas for the purpose of enhancing the quality of life for the youth of Collin County by providing a diversity of quality programs in the areas of character and leadership development, education and career development, health and life skills, sport fitness, recreation and the arts.

**(b) Financial Statement Presentation**

For financial reporting purposes, the Organization's net assets are grouped and reported by the following three classifications:

*Unrestricted* - includes funds that represent resources over which the Board of Directors has discretionary control to carry out operations of the Organization in accordance with its bylaws.

*Temporarily Restricted* - includes funds that represent resources expendable only for those operating purposes specified by the donor. Resources of this classification originate principally from grants and gifts.

*Permanently Restricted* - includes funds that have been accepted with donor stipulations that the principal be maintained intact in perpetuity with only the income to be utilized.

**(c) Accounts Receivable**

The Organization charges fees for certain services/activities. Income from these services/activities is recorded when earned. All services/activities must be paid for by the time the services/activities occur. Any payments deemed to be insufficient funds ("NSF" checks) are recorded as receivables. The organization automatically debits customer's bank accounts for NSF checks. Any NSF checks that cannot be collected through this process after 30 days are charged against an allowance for uncollectible accounts. At December 31, 2018 the Organization had no material accounts receivable that were deemed to be uncollectible.

**(d) Income Taxes**

The Organization is exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code and qualifies as a publicly supported Organization under Section 509(a)(1) of the Internal Revenue Code.

**BOYS & GIRLS CLUBS OF COLLIN COUNTY, INC.**  
**Notes to Financial Statements**

**(e) Fixed Assets**

Expenditures for furniture and equipment are stated at cost. Donated assets are recorded at their estimated fair market value at the date of contribution. Such donations are recorded as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit instructions regarding their use are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the assets are placed into service. The Organization capitalized fixed assets over \$2,500 and with a useful life in excess of one year. Fixed assets are evaluated periodically to determine if an impairment of their value has occurred. It is the opinion of management that no such impairment has occurred.

Depreciation of fixed assets is calculated on the straight-line method over the following useful lives:

Equipment	3-8 years
Buildings	35-40 years

**(f) Functional Expenses Allocation**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

**(g) Contributions and Grants**

Contributions and Grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the restrictions are met in the year of contribution, the amounts of temporarily restricted gifts are listed as unrestricted contributions.

**(h) Contributed Materials and Services**

A substantial number of volunteers have donated significant amounts of time to the Organization's activities. However, the Organization only recognizes donated services that create or enhance nonfinancial assets, or that require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts have been presented in the financial statements for contributed services, as these amounts are immaterial. The Organization recorded a total of \$144,000 in in-kind contributions related to facility rental and \$212,588 for assets that were donated in 2018.

**BOYS & GIRLS CLUBS OF COLLIN COUNTY, INC.**  
**Notes to Financial Statements**

**(i) Cash and Cash Equivalents**

The Organization considers all highly liquid instruments purchased with maturity of three months or less to be cash equivalents. The Organization places its cash with quality financial institutions and limits its exposure by controlling the cash balances it maintains in any one financial institution. The Organization has never experienced losses from credit risk associated with its cash balances.

**(j) Investments**

Investments are carried at their value, as determined by quoted market prices. Investment income is included in unrestricted income, unless restricted by a donor.

**(k) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(l) Comparative Prior Year Information**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

**(m) Subsequent Events**

Management evaluates subsequent events through the date of the report, which is the date the financial statements were available to be issued.

**(n) Accounting Pronouncements**

In January 2016, the Financial Accounting Standards Board issued a pronouncement related to accounting for leases. The effect of this change will require that Organizations who enter into leases of more than twelve months record those leases as assets and liabilities. The standard is effective for the Organization's year that ends December 31, 2020. The Organization has not yet assessed the impact of this new accounting standard.

**BOYS & GIRLS CLUBS OF COLLIN COUNTY, INC.**  
**Notes to Financial Statements**

**2. Fixed Assets**

The composition of fixed assets at December 31, 2018 is as follows:

Land	\$ 510,435
Buildings and improvements	4,256,574
Equipment	<u>1,659,326</u>
	6,426,335
Less accumulated depreciation	<u>2,602,448</u>
	<u><u>\$3,823,887</u></u>

**3. Commitments and Contingencies**

Grants and bequests require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions could result in the return of funds to the grantor. Although that remains a possibility, the Board deems such contingency remote since by accepting the gifts and their terms, the Organization has, in essence, accommodated the provisions of the gift.

**4. Note Payable**

\$250,000 line of credit with a local bank.

The note is due on demand, but if no demand is made it is due September 19, 2019. The note bears interest at The Wall Street Journal prime rate plus 1.25% (6.75% at December 31, 2018) and is secured by real estate.

\$ -

Note payable to a local bank. The note is due in monthly installments through maturity at October 1, 2023. The note bears interest at 5.0% and is payable in monthly installments of \$510. The note is secured by automotive equipment.

25,806

Note payable to a local bank. The note is due in monthly installments through October 2024. The note bears interest at 4.819% and is payable in monthly installments of \$4,882 with a balloon payment at the end of the note of \$629,672. The note is secured by the Organization's real estate.

769,304

\$ 795,110

**BOYS & GIRLS CLUBS OF COLLIN COUNTY, INC.**  
**Notes to Financial Statements**

Maturities of the debt above are as follows:

2019	26,926
2020	28,262
2021	29,664
2022	31,136
2023	31,657
Thereafter	647,465

**5. Retirement Plan**

In December, 2002, the organization adopted a pension plan for its employees to be known as the Boys and Girls Clubs of Collin County, Inc. Pension Plan. Employees that are 21 and have completed one year of employment are eligible for coverage. Employees become 100% vested after five years of participation. Only employer contributions to the plan are allowed which are calculated at 5% of eligible employee's compensation. In July 2018, the assets of the plan were transferred into a 401 (k) plan with a safe harbor provision. Under this provision, the employer contributes 3% per month into the plan with an elective deferral optional by the employer as long as the total does not exceed allowable limits

Total amounts contributed by the Organization to the plans above was \$59,141 for the year ended December 31, 2018.

**6. Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are comprised of \$737,052 which is restricted for the construction of a camp site. During 2016, the Organization received a bequest, which is included in the restricted balance above along with income that has been earned on the balance. The amount is shown as restricted cash and restricted investments on the Statement of Financial Position. The Will of the donor requires that the balance be expended within ten years or the funds are to be returned to the other heirs. The Organization is attempting to have the living heirs waive their claims to the funds so that they can be expended as the as unrestricted resources. There were no assets released from restriction during 2018.

Permanently restricted net assets were comprised of funds donated for a permanent endowment fund.

**7. Value of Restricted Investments**

In accordance with FASB Accounting Standards Codification Section 820, the Organization classifies its financial assets and liabilities into Level 1, which refers to assets and liabilities with quoted prices in an active market; Level 2, which refers to assets and liabilities not traded on an open market but for which other observable inputs are available; and Level 3, which refers to assets and liabilities not traded in active markets which require significant unobservable inputs to value. Currently, all of the Organization's financial assets are classified as Level 1.

**BOYS & GIRLS CLUBS OF COLLIN COUNTY, INC.**  
**Notes to Financial Statements**

Long-term investments consisted of the following as of December 31, 2018:

	COST	FAIR VALUE
Equity securities	\$544,972	\$492,482
Fixed income securities	172,433	167,528
Hedge funds	18,832	15,434
Commodities	<u>7,861</u>	<u>5,665</u>
Total	<u>\$744,098</u>	<u>\$681,109</u>