

**BOYS AND GIRLS CLUB OF HERNANDO COUNTY, INC.**

**AUDITED FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**R.E. Janosko & Associates, LLC  
11215 Spring Hill Dr.  
Spring Hill, FL 34609**

# R. E. JANOSKO & ASSOCIATES, LLC

Certified Public Accountants

- Tax Work
- Financial Management
- Accounting

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Boys and Girls Club of Hernando County, Inc.

We have audited the accompanying statement of financial position of The Boys and Girls Club of Hernando County, Inc. (a nonprofit organization) as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Hernando County, Inc. as of June 30, 2014, 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.



R.E. Janosko & Associates, LLC

Spring Hill, Florida  
November 14, 2014

**BOYS AND GIRLS CLUB OF HERNANDO COUNTY, INC.**

**STATEMENT OF FINANCIAL POSITION**

AS OF JUNE 30, 2014

	2014
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash - Unrestricted	\$ 152,907
Cash - Restricted	-
Accounts Receivable	96,369
Other Current Assets	<u>22,410</u>
<b>TOTAL CURRENT ASSETS</b>	271,687
<b>FIXED ASSETS</b>	
Buildings	81,293
Furniture, Fixtures & Equipment	<u>86,219</u>
Total Fixed Assets	167,513
Depreciation, Accumulated	<u>(59,541)</u>
<b>NET FIXED ASSETS</b>	<u>107,972</u>
<b>OTHER ASSETS</b>	
Prepaid Insurance	2,170
Prepaid Expenses	<u>4,278</u>
<b>TOTAL OTHER ASSETS</b>	<u>6,448</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 386,106</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable	430
Accrued Payroll	31,001
Accrued Payroll Tax Liabilities	4,882
Accrued Simple 401K Deductions	-
Grants Paid In Advance	<u>17,593</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>53,906</u>
<b>NET ASSETS</b>	
Unrestricted	332,200
Restricted	<u>-</u>
<b>TOTAL NET ASSETS</b>	<u>332,200</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 386,106</u></u>

(See Accompanying Notes)

# BOYS AND GIRLS CLUB OF HERNANDO COUNTY, INC.

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

	2014
<b>UNRESTRICTED NET ASSETS INCOME</b>	
<b>SUPPORT</b>	
Revenue From Indirect Contributions	
United Way	\$ 10
Total Revenue From Indirect Contributions	10
Governmental Grants	127,663
Contributions - Corporate & Business	8,895
Restricted Contributions - Corporate & Business Darden	1,000
Individual Contributions	1,024
Contributions - Board	1,670
Contributions - Staff	750
<b>Total Support</b>	<b>141,012</b>
<b>Registration Fees</b>	
Before & After School Care	307,028
Preschool/Daycare	178,400
Summer Program	79,849
Spring and Winter Break	8,844
ELC Program Fees	305,432
KCI program funding	70,708
Professional Days	2,765
Sports Program	1,630
Event Income	1,114
<b>Total Registration Fees</b>	<b>955,771</b>
<b>Foundation</b>	
Boys & Girls Clubs of America	20,985
<b>Total Foundation Revenue</b>	<b>20,985</b>
<b>Revenue From Other Sources</b>	
Fundraising	10,102
Gift Card Revenue	224
Concession Stand/Vending Machine	4,148
Other Income	113
<b>Total Revenue From Other Sources</b>	<b>14,588</b>

(See Accompanying Notes)

# BOYS AND GIRLS CLUB OF HERNANDO COUNTY, INC.

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

Revenue From Investments	
Interest Earnings	164
<b>Total Revenue From Investments</b>	<u>164</u>
<b>Total Revenue</b>	<u>991,507</u>
<b>TOTAL UNRESTRICTED NET ASSETS INCOME</b>	1,132,520
<b>EXPENDITURES</b>	
Program Services	
Youth Health, Education and Recreation	807,923
Support Services	
Management and General	214,784
Fundraising	<u>9,618</u>
<b>TOTAL EXPENDITURES</b>	1,032,324
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	100,196
<b>TEMPORARILY RESTRICTED NET ASSETS</b>	-
<b>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>-</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	100,196
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>232,005</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>332,200</u></u>

(See Accompanying Notes)



**BOYS AND GIRLS CLUB OF HERNANDO COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES FOR THE PROGRAM AND SUPPORT SERVICES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Program Services		Support Services	
	Youth Health, Education, Recreation	Management & General	Fundraising	Total
<b>EXPENDITURES</b>				
Accounting Fees	-	3,840		3,840.00
Advertising	150	230		380.14
Auto	3,474	5,183		8,656.61
Background Fingerprint Checks	4,437	199		4,635.85
Bank Service Charges	-	1,421		1,421.16
Conferences and Meetings	-	7,038		7,037.77
Dues & Subscriptions	175	9,754		9,929.28
Employee Insurance	13,025	7,280		20,305.19
Finance Charges/ Late Fees/Penalties	-	718		718.06
Fundraising Direct Expenses	-		4,780	4,779.70
Gifts	-		4,838	4,838.16
Insurance	8,358			8,358.35
Marketing & Publishing	-	814		814.35
Meals & Entertainment	1,597	2,207		3,803.58
Office Supplies	11,748	13,986		25,734.39
Officer Compensation	-	48,894		48,894.24
Other Salaries	574,517	87,893		662,409.29
Organizational Expenses	354	438		791.40
Payroll Taxes	49,300	11,019		60,319.20
Postage and Shipping	64	555		619.65
Printing and Reproduction	9,675			9,674.87
Program Expenses: Arts & Crafts	25,063			25,063.41
Program Expenses: Field Trips	1,068			1,067.74
Program Expenses: Food & Beverage	5,061			5,060.70
Program Expenses: Games, Movies, etc.	3,504			3,504.10
Program Expenses: School Attendance Reimbursement	8,175			8,175.17
Program Expense: Professional Days	33,858			33,857.95
Program Expense: Bus Fuel	3,390			3,390.00
Repairs and Maintenance	18,448	1,102		19,549.55
Retirement Benefits	5,432	3,386		8,818.03
Staff Training/Schooling	955	1,967		2,921.29
Sponsorships	50	200		250.00
Taxes and Fees	225			224.58
Telephone and Telecommunication	2,266	1366.37		3,632.52
Travel and Lodging	-	143		143.15
Uniforms	1,366	1,033		2,399.22
Workers' Compensation	8,039	1,915		9,954.50
Rent, parking, other occupancy	-	2,202		2,202.00
<b>TOTAL EXPENDITURES BEFORE DEPRECIATION</b>	<b>793,774</b>	<b>214,784</b>	<b>9,618</b>	<b>1,018,175</b>
Depreciation	14,149			14,149
<b>TOTAL EXPENDITURES</b>	<b>807,923</b>	<b>214,784</b>	<b>9,618</b>	<b>\$ 1,032,324</b>
<b>PERCENTAGE OF TOTAL EXPENDITURES</b>	<b>78.3%</b>	<b>20.8%</b>	<b>0.9%</b>	<b>100.00%</b>

(see Accompanying Notes)

**BOYS AND GIRLS CLUB OF HERNANDO COUNTY, INC.****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase (Decrease) in Net Assets	100,196
<b>Provided by Operating Activities</b>	
Depreciation	14,149
(Increase) Decrease in Accounts Receivable	(47,498)
Increase (Decrease) in Accounts Payable	430
(Increase) Decrease in Other Current Assets	(759)
Increase (Decrease) in Other Current Liabilities	(23,462)
(Increase) Decrease in Other Assets	(2,166)
(Increase) Decrease in Fixed Assets	<u>(74,075)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	(133,380)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	-
<b>NET INCREASE IN CASH</b>	<u>(33,185)</u>
<b>CASH AT BEGINNING OF YEAR</b>	<u>186,092</u>
<b>CASH AT END OF YEAR</b>	<u>152,907</u>

I(See Accompanying Notes)

## NOTES TO THE FINANCIAL STATEMENTS



## BOYS AND GIRLS CLUB OF HERNANDO COUNTY, INC.

Notes to the Financial Statements  
For the Year Ended June 30, 2014

### **NOTE A – Nature of operations and summary of significant accounting policies**

The following is a summary of significant accounting policies followed in the preparation of these financial statements. The policies conform to generally accepted accounting principles applicable to voluntary health and welfare organizations and have been consistently applied.

#### **Nature of operations**

The Boys and Girls Club of Hernando County, Inc. is a not-for-profit corporation organized to provide behavioral guidance and to promote the health, social, educational, vocational and character development of boys and girls in Hernando County, Florida.

#### **Summary of significant accounting policies**

A description follows of significant accounting policies of the organization.

Basis of accounting: The financial statements are prepared on the accrual basis.

Basis of presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (SFAS) No 117, *Financial Statements of Not-for-Profit Organizations*. Under those provisions, net assets and revenues, gains and losses are classified based on the existence of absence of donor-imposed restrictions as follows:

*Unrestricted net assets* – Net assets that are not subject to donor-imposed stipulations.

*Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

*Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses: The costs of providing the various programs have been summarized on a functional basis in the statements of activities and the statement of functional expenses. Certain management and general costs have been allocated among the programs and supporting services.

Cash: The organization considers all cash and investments with maturities of less than three months to be cash equivalents.

## **BOYS AND GIRLS CLUB OF HERNANDO COUNTY, INC.**

### **Notes to the Financial Statements For the Year Ended June 30, 2014**

Accounts Receivable: Accounts receivable consists of the before and after school program and summer camp fees due. Accounts receivable reported of \$48,871 represents billings the organization realistically expects to collect. Therefore, no expense for bad debt has been recognized.

Income Taxes: The Boys and Girls Club of Hernando County, Inc. is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except for income derived from unrelated business activities. For the year ended June 30, 2014 the Boys and Girls Club has determined that no income taxes are due for its activities.

Fixed Assets: Fixed assets are capitalized and recorded at cost for purchased items and at fair market value at the time of receipt for donated items. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of fixed assets sold or retired is removed from the related asset and accumulated depreciation accounts and any resulting gain or loss is recorded in the year of disposal.

Other Current Assets: The amount reported of \$22,410 consists of \$19,739 due from a former employee who is under a payment restitution plan and \$2,671 in employee advances. The former employee is to pay \$87.41 per month until her debt is satisfied.

Advertising: Advertising costs are expensed as incurred.

Tax status: The organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and currently engages in no activities which are considered to be subject to unrelated business income taxes.

#### **NOTE B – Basic programs**

The following are components of the organization's youth, health, education and recreation program provided to members:

Physical education: Provides gym activities, league sports, and physical fitness for members.

Social recreation: Provides game room activities, including board games, arts and crafts, contests and special events for members.

Individual services: Provides formal guidance and counseling, juvenile justice projects, community activities, career and educational programs for members.

Cultural enrichment: Provides services in arts and crafts, music, drama, and library services.

# BOYS AND GIRLS CLUB OF HERNANDO COUNTY, INC.

## Notes to the Financial Statements For the Year Ended June 30, 2014

### NOTE C – Fixed assets

Depreciation expense totaled \$14,149 for the year ended June 30, 2014. Fixed assets consisted of the following at June 30, 2014:

	Estimated Life <u>In Years</u>	<u>2014</u>
Buildings	15	\$81,293
Computers and Furnishings	5 to 7	52,026
Playground Equipment	5	<u>34,194</u>
Fixed Assets at Cost		167,513
Less Accumulated Depreciation		<u>(59,541)</u>
Net Fixed Assets		<u>\$107,972</u>

### NOTE D – Retirement Benefits

The organization instituted a Simple IRA Retirement plan in May of 2009. The administrator of the retirement plan is Modern Woodman of America. The organization contributes up to three percent of gross wages for all eligible employees who have elected to participate.

### NOTE E – Temporarily restricted net assets

There are no temporarily restricted assets as of June 30, 2014.

### NOTE F – Contingencies

Management is not aware of any contingent liabilities or lawsuits against the organization and therefore has not made any such provision for such a cost in the financial statements.



# R. E. JANOSKO & ASSOCIATES, LLC

Certified Public Accountants

- Tax Work
  - Financial Management
  - Accounting
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November 14, 2014

To the Board of Directors of  
The Boys and Girls Club of Hernando County, Inc.

In planning and performing our audit of the financial statements of The Boys and Girls Club of Hernando County, Inc., as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States, we considered the internal control of The Boys and Girls Club of Hernando County, Inc., over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Boys and Girls Club of Hernando County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Boys and Girls Club of Hernando County, Inc.'s internal control.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Club's financial statements that is more than inconsequential will not be prevented or detected by the Council's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Club's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, board of directors, and others within the Council, and is not intended to be and should not be used by anyone other than these specified parties.



R.E. Janosko & Associates, LLC

# R.E. JANOSKO & ASSOCIATES, LLC

Certified Public Accountants

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- 

## Auditor's Findings and Recommendations

- 1. Finding:** During our review it was noted that there was significant turnover in the Board of Directors and the committees that had been set up in the previous year were not functioning as intended due to the turnover.

**Recommendation:** We recommend that the Board continue to develop the appropriate committees to manage the various functions of the Board and especially to develop a Finance committee to oversee the continuing expansion of the Boys and Girls Club of Hernando County.