

BOYS AND GIRLS CLUB OF
THE GRAND STRAND, INC.

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2018 AND 2017

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SOUTH CAROLINA ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Boys & Girls Club of the Grand Strand, Inc.
306 N Oak Street
Myrtle Beach, SC 29577-3309

We have audited the financial statements of Boys and Girls Club of the Grand Strand, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities 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 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 amount 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 and Girls Club of the Grand Strand, Inc. as of December 31, 2018 and 2017 and the change 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 Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

M. Timothy Hedges, P.A.

Certified Public Accountant

August 14, 2019

BOYS & GIRLS CLUB OF THE GRAND STRAND, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 & 2017

	ASSETS	<u>2018</u>	<u>2017</u>
Current Assets			
Cash & Cash Equivalents		\$ 99,491	\$ 34,344
Cash – Campaign Fund		641,443	482,431
Contribution Receivable		13,665	34,934
Funds Due to Designated Fund		0	20,000
Funds Due to Scholarship Account		1,534	6,860
Other Receivables		0	0
Prepaid Insurance		8,017	2,355
Prepaid Rent		0	2,200
		-----	-----
Total Current Assets		764,150	583,124
Fixed Assets			
Equipment, Furniture & Fixtures		89,878	57,378
Facility Construction in Process		21,015	4,626
Less Accumulated Depreciation		(59,003)	(56,266)
		-----	-----
Total Fixed Assets		51,890	5,738
		-----	-----
TOTAL ASSETS		<u>816,040</u>	<u>588,862</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts Payable		9,157	2,807
Funds Due From Operating for Designated		0	20,000
Funds Due From Operating for Scholarships		1,534	6,860
Revolving Credit Payable		9,397	3,664
Accrued Payroll		11,417	7,556
Scholarship Commitments Payable		7,100	8,074
		-----	-----
Total Current Liabilities		38,605	48,961
		-----	-----
TOTAL LIABILITIES		<u>38,605</u>	<u>48,961</u>
Net Assets			
Without Donor Restrictions		135,992	37,469
With Donor Restrictions		641,443	502,432
		-----	-----
TOTAL NET ASSETS		<u>777,435</u>	<u>539,901</u>
		-----	-----
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 816,040</u>	<u>\$ 588,862</u>

See Accompanying Notes to Financial Statements

BOYS & GIRLS CLUB OF THE GRAND STRAND, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2018 & 2017

	<u>Without</u> <u>Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>	
			<u>2018</u>	<u>2017</u>
REVENUES, GAINS & OTHER SUPPORT				
Contributions – Unrestricted	\$ 28,345	\$ 0	\$ 28,345	\$ 46,615
Contributions for Facility	0	144,064	144,064	423,611
Government Agencies	120,472	0	120,472	152,511
Other Grants	472,029	0	472,029	261,154
Program Fees and Dues	55,482	0	55,482	57,737
Special Events	31,842	0	31,842	25,574
Miscellaneous Income	0	0	0	128
Interest Income	0	4,676	4,676	442
Net Assets Released from Restrictions	9,729	(9,729)	0	0
	-----	-----	-----	-----
TOTAL REVENUES, GAINS & OTHER SUPPORT	717,899	139,011	856,910	967,772
EXPENSES				
Activities, Trips, Etc	11,865	0	11,865	10,361
Advertising & Promotion	8,171	0	8,171	9,499
Background Checks	991	0	991	2,194
Bank Charges	1,248	0	1,248	1,424
Board & Staff Meetings / Training	10,714	0	10,714	9,608
Building Rent	21,133	0	21,133	26,400
Bus Rental	4,461	0	4,461	2,436
Depreciation	2,737	0	2,737	2,652
Emergency & Disaster Relief	2,400	0	2,400	0
Insurance	14,892	0	14,892	13,568
Interest	0	0	0	0
Legal & Accounting	2,290	0	2,290	2,190
Licenses & Fees	52	0	52	681
Membership & Dues	5,105	0	5,105	4,484
Miscellaneous Expenses	0	0	0	0
Occupancy Expense – Moving	2,397	0	2,397	0
Office Supplies	13,714	0	13,714	11,158
Program Supplies	104,227	0	104,227	106,986
Professional & Payroll Service	3,491	0	3,491	9,088
Payroll Taxes	\$ 21,853	\$ 0	\$ 21,853	\$ 19,304

See Accompanying Notes to Financial Statements

BOYS & GIRLS CLUB OF THE GRAND STRAND, INC.

STATEMENTS OF ACTIVITIES (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2018 & 2017

	<u>Without</u> <u>Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>	
			<u>2018</u>	<u>2017</u>
EXPENSES (Continued)				
Postage & Delivery	\$ 147	\$ 0	\$ 147	\$ 231
Property Taxes	2,446	0	2,446	1,861
Repairs & Maintenance	7,115	0	7,115	5,612
Salaries – Director	88,969	0	88,969	61,364
Salaries	194,904	0	194,904	193,339
Employee Benefit	52,141	0	52,141	28,135
Seminars & Conferences	13,160	0	13,160	5,117
Security	440	0	440	499
Telephone & Comm. Access	17,105	0	17,105	9,742
Travel	6,823	0	6,823	5,864
Utilities	4,385	0	4,385	4,206
	-----	-----	-----	-----
TOTAL EXPENSES	619,376	0	619,376	548,003
	-----	-----	-----	-----
CHANGE IN NET ASSETS FROM OPERATIONS	98,523	139,011	237,534	419,769
	-----	-----	-----	-----
CHANGE IN NET ASSETS	98,523	139,011	237,534	419,769
	-----	-----	-----	-----
Net Assets, Beginning of Year	37,469	502,432	539,901	120,132
	-----	-----	-----	-----
NET ASSETS, END OF YEAR	\$ <u>135,992</u>	\$ <u>641,443</u>	\$ <u>777,435</u>	\$ <u>539,901</u>

See Accompanying Notes to Financial Statements

BOYS & GIRLS CLUB OF THE GRAND STRAND, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2018 & 2017

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Change in Net Assets from Operations	\$ 237,534	\$ 419,769
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,737	2,652
(Increase) Decrease in Other Current Assets	43,133	(35,431)
Increase (Decrease) in Accounts Payable	(18,976)	27,241
Increase (Decrease) in Revolving Credit	5,733	1,129
Increase (Decrease) in Accrued Liabilities	<u>2,887</u>	<u>2,011</u>
Net Cash Provided (Used) by Operating Activities	273,048	417,371
INVESTING ACTIVITIES		
Purchase of Automobile	(32,500)	0
Facility Construction in Process	<u>(16,389)</u>	<u>(4,626)</u>
Net Cash Provided (Used) by Investing Activities	<u>(48,889)</u>	<u>(4,626)</u>
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	224,159	412,745
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR	<u>516,775</u>	<u>104,030</u>
CASH AND CASH EQUIVALENTS AS OF END OF YEAR	\$ <u><u>740,934</u></u>	\$ <u><u>516,775</u></u>
SUPPLEMENTAL DISCLOSURE		
Interest Paid	\$ 0	\$ 0
Taxes Paid	\$ 0	\$ 0

See Accompanying Notes to Financial Statements

BOYS AND GIRLS CLUB OF THE GRAND STRAND, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - PURPOSE

Nature of Business & Organization

The Organization changed its name to Boys and Girls Club of the Grand Strand, Inc. on December 19, 2000. It was originally organized October 23, 1996, under the name Boys and Girls Club of Horry County, Inc., under the laws of the State of South Carolina, as a non-profit corporation in Horry County, South Carolina to inspire and enable all young people to realize their full potential as responsible and caring citizens.

The accounting and reporting framework and the more significant accounting principles and practices of the Organization are discussed in Note 2. The remainder of the Notes are organized to provide explanations, including required disclosures of the Organization's financial activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization's policy is to prepare the financial statements and income tax returns on the accrual basis of accounting in accordance with U.S. Generally Accepted Accounting Principles.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: Net Assets Without Donor Restrictions and Net Assets With Donor Restrictions. The Net Assets With Donor Restrictions represents contributions designated for specific purposes. When the funds are spent for the designated purpose they are released from restrictions. The current balance in Net Assets With Donor Restrictions is for the new facility that has not yet been spent on facility construction. Net Assets Without Donor Restrictions represents the amount of unrestricted assets less the Organization's liabilities.

Cash and Cash Equivalents

For purposes of reporting the statements of cash flows, the Organization includes all cash investments which are not subject to withdrawal restrictions or penalties and certificates of deposit with a maturity of three months or less as cash and cash equivalents.

Cash Restricted to Purchase Property and Equipment

Cash restricted to purchase equipment and build the facility has been restricted by donors and is not available for operating purposes.

BOYS AND GIRLS CLUB OF THE GRAND STRAND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$ 1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions without restrictions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Construction began in 2018 on the new facility at 900 Dunbar Street, Myrtle Beach, SC 29577. Property and equipment are depreciated using the accelerated cost recovery method over estimated useful lives ranging from five years for furniture and vehicles to using the straight-line method for forty years for the building once it is completed and certificate of occupancy is received.

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 and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Management Review

The Organization has evaluated events and transactions for potential recognition or disclosure through August 14, 2019, which is the date the financial statements were available to be issued.

BOYS AND GIRLS CLUB OF THE GRAND STRAND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 - INCOME TAXES

The Organization is required to file Federal Form 990 Return of Organization Exempt From Income Tax annually. No income taxes were due for both years.

It is the Organization's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a "more-likely-than-not" threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the financial statements. No material tax positions were identified for 2018 and 2017. Currently, the statute of limitations remains open subsequent to and including 2015; however, no examinations are in process or anticipated.

NOTE 4 - LEASE AGREEMENTS

On January 1, 1999 the Organization entered into a lease agreement with Colbert Brown of Myrtle Beach, South Carolina for the use of 1404 Carver Street, Myrtle Beach, South Carolina. The term of the lease is twenty-six (26) years commencing on the 1st day of January 1999. The agreement required annual payment of \$1. due and payable on January 1 of each year and payment of property taxes.

On June 8, 2011, the lease was amended and extended by eleven (11) years through December 31, 2037. The annual rent payable for the remainder of the lease has been waived.

The Organization entered into a lease with Mount Olive African Methodist Episcopal Church for joint use of their property through February 28, 2017. The lease automatically renews for consecutive 30 day periods until such time that either party provides notice to the other that the partnership shall terminate. The lease was terminated February 16, 2018.

On February 1, 2018, the Organization entered into a shared-use and lease agreement with First Baptist Church of Myrtle Beach, Inc. for the share-used and lease of certain portions of the real properties of the Church including the Compton Life Center and the Nance Building. The initial term of the lease is three years ending January 31, 2021.

NOTE 5 – CONTRIBUTED SERVICES

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. The Organization receives more than 3,000 volunteer hours per year.

BOYS AND GIRLS CLUB OF THE GRAND STRAND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 – OTHER GRANTS

In 2018, the Organization received: \$ 250,000 from First Presbyterian Church Reading & Literacy Grant Funding; \$ 8,000 from Bank of America Foundation; \$ 25,203.60 from BGCA as Grant Funding; \$ 1,000 from BGCA Summer Brain Gain; \$ 7,160 from CarMax Foundation; \$ 55,000 from BGCA Disaster Relief Funding & Grant; \$ 20,000 from Newman's Own Foundation; \$ 12,000 from BGCA Hartford; \$ 5,300 from BGCA Taco Bell; \$ 35,000 from BGCA Toyota Sienna Grant; \$ 5,000 from BB&T, and \$ 9,000 from Best Buy Foundation. The Organization also received additional general contributions of: \$ 5,000 from Atlantic Coast Enterprises, LLC, and other various / miscellaneous contributions under \$ 5,000 all committed to the excellence of the Organization. This does not include contributions to the Capital Campaign.

In 2017, the Organization received: \$ 150,000 from First Presbyterian Church Chapin Foundation Grant 2017; \$ 22,000 from BGCA Maytag Leadership Award; \$ 7,500 from BGCA CBI Grant; \$ 1,000 from BCGA Summer Brain Gain; \$ 5,000 from Carver & Carver Education Fund, \$ 20,000 from Newman's Own Foundation; and \$ 10,000 from Westgate Resorts Foundation. The Organization also received additional contributions of: \$ 5,000 Westgate Resorts Foundation; \$ 8,809 from Hard Rock Café, and other various / miscellaneous contributions under \$ 5,000, all committed to the excellence of the Organization. This does not include contributions to the Capital Campaign.

NOTE 7 – LINE OF CREDIT

The Organization had a \$15,000 line of credit with South State Bank, formerly First Federal, with a variable interest rate of prime plus 2.5%. It was not renewed in September 2017.

NOTE 8 – CUSTODIAL CREDIT RISK

Custodial credit risk for cash deposits is the risk that, in the event of a bank failure, the Organization's deposits might not be recovered. The Organization maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation. The Organization's cash deposits were not fully insured at December 31, 2018 and 2017.

BOYS AND GIRLS CLUB OF THE GRAND STRAND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 – CAPITAL CAMPAIGN

On February 13, 2017, the Organization was conveyed a vacant lot of 1.81 acres on 10th Avenue North in Myrtle Beach between Dunbar and Carver Streets at 900 Dunbar Street. The property shall be used only for a youth recreation and education center and for no other purpose without the written consent of the Grantor. Plans, specifications, and locations of all development to the property including buildings, structures, fences, signs, parking areas and landscaping are subject to the written approval of the grantor. Further restrictions are on the property and right of first refusal if the organization was to desire to sell all or any portion of or any interest in the property. Funds are being raised for the building campaign and commitments are being received. All collections are accounted for as Net Assets With Donor Restrictions. In addition, a loan has been secured for the balance of the construction. No draw was made on the loan in 2018.

NOTE 10 – SUBSEQUENT EVENTS

Construction of the facility at 900 Dunbar Street is underway in 2019. As of the audit report date, construction is approximately 65 % complete with expectations of late summer completion.

SUPPLEMENTARY INFORMATION

BOYS & GIRLS CLUB OF THE GRAND STRAND, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>Fund Raising</u>	<u>Management & General</u>	<u>Total</u>
Salaries	\$ 234,427	\$ 12,621	\$ 36,825	\$ 283,873
Employee Benefits	45,671	3,235	3,235	52,141
Payroll Taxes	18,047	971	2,835	21,853
Workman's Compensation	2,352	127	369	2,848
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Total Salaries and Related Expenses	300,497	16,954	43,264	360,715
Professional Fees and Contract Services	3,491	0	2,290	5,781
Telephone & Communications	6,678	0	2,226	8,904
Occupancy	30,724	0	7,193	37,917
Advertising & Promotion	18,772	0	0	18,772
Travel & Transportation	11,284	0	0	11,284
Conferences, Meetings, & Training	23,874	0	0	23,874
Children's Programs & Trips	122,949	0	0	122,949
Fundraising, Direct Expenses	0	5,287	0	5,287
Insurance	4,449	0	7,595	12,044
Depreciation	1,300	163	1,274	2,737
Membership & Dues	4,557	0	548	5,105
Miscellaneous	2,215	0	76	2,291
Office Expense	37	0	6,968	7,005
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Total Expenses	\$ 530,827	\$ 22,404	\$ 71,434	\$ 624,665
	=====	=====	=====	=====

See Auditor's Report

M. TIMOTHY HUCKS, P.A.
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August 15, 2019

BOYS & GIRLS CLUB OF THE GRAND STRAND, INC.
306 N OAK STREET
MYRTLE BEACH, SC 29577

Dear DIONE,

Enclosed is the 2018 U.S. Form 990, Return of Organization Exempt from Income Tax, for BOYS & GIRLS CLUB OF THE GRAND STRAND, INC. for the tax year ending December 31, 2018.

Your 2018 U.S. Form 990, Return of Organization Exempt from Income Tax, return will be electronically filed.

We very much appreciate the opportunity to serve you. If you have any questions regarding this return, please do not hesitate to call.

Sincerely,

M. TIMOTHY HUCKS