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November 13, 2020

Board of Directors
Indiana Alliance of Boys and Girls Clubs, Inc.
973 N. Shadeland Avenue, Box 296
Indianapolis, IN 46219

We have reviewed the audit report of Indiana Alliance of Boys and Girls Clubs, Inc. which was opined upon by Kemper CPA Group LLP, Independent Public Accountants, for the period January 1, 2018 to December 31, 2018. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Indiana Alliance of Boys and Girls Clubs, Inc. as of December 31, 2018 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Kemper CPA Group LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

**INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC.
AND SUBSIDIARY**

**INDEPENDENT AUDITOR'S REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary as of December 31, 2018 and 2017, 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information presented on pages 11 through 14 is presented for the purpose of additional analysis rather than to present the financial position, changes in net assets and cash flows of the individual organizations and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2019, on our consideration of Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary's internal control over financial reporting and compliance.



Kemper CPA Group LLP

Avon, Indiana

April 22, 2019

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash	\$ 344,492	\$ 416,567
Grants receivable	440,388	345,951
Total Current Assets	<u>784,880</u>	<u>762,518</u>
Property and Equipment		
Office equipment	42,953	41,775
Less accumulated depreciation	<u>(33,525)</u>	<u>(28,882)</u>
Property and Equipment, net	<u>9,428</u>	<u>12,893</u>
Other Assets		
Software and design costs	22,823	22,823
Less accumulated ammortization	<u>(11,599)</u>	<u>(6,735)</u>
Other Assets, net	<u>11,224</u>	<u>16,088</u>
Total Assets	<u>\$ 805,532</u>	<u>\$ 791,499</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 68,723	\$ 112,554
Grant reimbursements payable	227,558	160,970
Accrued expenses	<u>4,160</u>	<u>12,125</u>
Total Current Liabilities	<u>300,441</u>	<u>285,649</u>
Net Assets		
Without donor restrictions	<u>505,091</u>	<u>505,850</u>
Total Net Assets	<u>505,091</u>	<u>505,850</u>
Total Liabilities and Net Assets	<u>\$ 805,532</u>	<u>\$ 791,499</u>

The accompanying notes are an integral part of these consolidated financial statements.

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
REVENUE		
Members fees and dues	\$ 74,000	\$ 74,350
Government grants	4,026,417	3,178,767
Contributions	16,717	24,007
Club reimbursements	239,019	253,847
Miscellaneous income	<u>6,209</u>	<u>10,955</u>
Total Revenues	<u>4,362,362</u>	<u>3,541,926</u>
EXPENSES		
Program services expenses	<u>4,244,665</u>	<u>3,204,264</u>
Supporting services expenses		
Management and general	111,491	123,231
Fundraising and development	<u>6,965</u>	<u>6,281</u>
Total supporting services expenses	<u>118,456</u>	<u>129,512</u>
Total Expenses	<u>4,363,121</u>	<u>3,333,776</u>
Change in Net Assets	(759)	208,150
NET ASSETS - beginning of the year	<u>505,850</u>	<u>297,700</u>
NET ASSETS - end of the year	<u>\$ 505,091</u>	<u>\$ 505,850</u>

The accompanying notes are an integral part of these consolidated financial statements.

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries and wages	\$ 733,582	\$ 24,334	\$ 5,930	\$ 763,846
Payroll taxes	73,316	3,227	943	77,486
Employee benefits	45,108	-	-	45,108
Grants	1,728,518	-	-	1,728,518
Insurance	3,163	42	-	3,205
Professional fees	71,444	65,248	-	136,692
Travel	28,530	-	-	28,530
Training and conferences	64,510	-	92	64,602
Food	1,435,567	-	-	1,435,567
Supplies	41,194	-	-	41,194
Equipment	13,803	-	-	13,803
Miscellaneous	5,930	58	-	5,988
Office	-	1,668	-	1,668
Telephone	-	5,398	-	5,398
Printing and postage	-	2,009	-	2,009
Depreciation and amortization	-	9,507	-	9,507
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 4,244,665</u>	<u>\$ 111,491</u>	<u>\$ 6,965</u>	<u>\$ 4,363,121</u>

The accompanying notes are an integral part of these consolidated financial statements

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries and wages	\$ 209,301	\$ 34,731	\$ 5,779	\$ 249,811
Payroll taxes	17,421	2,489	436	20,346
Employee benefits	25,799	-	-	25,799
Grants	1,512,189	-	-	1,512,189
Insurance	2,476	63	-	2,539
Professional fees	38,018	49,514	-	87,532
Travel	30,879	-	-	30,879
Training and conferences	71,016	-	-	71,016
Food	1,147,897	-	-	1,147,897
Supplies	117,620	-	-	117,620
Equipment	23,000	-	-	23,000
Miscellaneous	8,648	2,541	66	11,255
Office	-	17,671	-	17,671
Telephone	-	5,247	-	5,247
Printing and postage	-	1,867	-	1,867
Depreciation and amortization	-	9,108	-	9,108
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 3,204,264</u>	<u>\$ 123,231</u>	<u>\$ 6,281</u>	<u>\$ 3,333,776</u>

The accompanying notes are an integral part of these consolidated financial statements

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (759)	\$ 208,150
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	9,507	9,108
Increase in operating assets:		
Grants receivable	(94,437)	(26,495)
Increase (Decrease) in operating liabilities:		
Accounts payable	(43,831)	(4,045)
Grant reimbursements payable	66,588	37,850
Accrued expenses	(7,965)	12,125
Net Cash Provided (Used) by Operating Activities	<u>(70,897)</u>	<u>236,693</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of office equipment	<u>(1,178)</u>	<u>(3,922)</u>
Net Cash Used by Investing Activities	<u>(1,178)</u>	<u>(3,922)</u>
 Net Increase in Cash	 (72,075)	 232,771
 CASH - beginning of the year	 <u>416,567</u>	 <u>183,796</u>
 CASH - end of the year	 <u>\$ 344,492</u>	 <u>\$ 416,567</u>

The accompanying notes are an integral part of these consolidated financial statements.

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The Indiana Alliance of Boys and Girls Clubs, Inc. (the Alliance) was incorporated in 2001 in the state of Indiana to provide a mechanism for joint decisions, communication and exchange of ideas and cooperative action among Boys and Girls Clubs in the State of Indiana, expand quality youth development, promote public awareness of youth development, and the problems youth face, promote and strengthen Boys and Girls Clubs’ relationships with public and private agencies, and to raise funds solely from the State and its agencies and sub divisions. Boys and Girls Clubs in Indiana, Inc. (BGCIN) was incorporated in 2016 in the state of Indiana with essentially the same mission as the Alliance.

Revenues are derived from membership dues from individual Boys and Girls Clubs within the State of Indiana, grant administration income for managing various grants, and state and federal funding. The elected board of directors then contracts to provide lobbying efforts on behalf of the Boys and Girls Clubs.

Principles of Consolidation – The consolidated financial statements include the accounts of the Alliance and BGCIN because the Alliance has both control and an economic interest in BGCIN. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated organizations are hereinafter referred to as “the Organization.”

Property and Equipment – The Organization records property and equipment additions over \$500 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 5 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Net Assets – Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions are net assets that are available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions are net assets that are subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition – Revenue is recognized when earned. Member dues, grants and club reimbursements received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services and In-Kind Contributions – Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed service because they do not meet the criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods were received during the years ended December 31, 2018 and 2017, respectively.

Functional Allocation of Expenses – The costs of program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes – The Alliance and BGCIN are organized as an Indiana nonprofit corporation and have been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(4) and 501(c)(3), respectively, and determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. BGCIN qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii). Each entity is consolidated with the Boys and Girls Club of America, Inc. (BGCA) for purposes of filing the Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization has determined that each entity is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Estimates – The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Subsequent Events – The Organization has evaluated subsequent events through April 22, 2019, the date the consolidated financial statements were available to be issued.

Note 2—BUSINESS AND CREDIT CONCENTRATIONS

As of December 31, 2018 and 2017, the State of Indiana comprised 100% of the grants receivable balance at year end. For the years ended December 31, 2018 and 2017, the Organization received approximately 92% and 93%, respectively, of its support through the federal government as a sub-recipient from the State of Indiana.

The Organization manages deposit concentration risk by placing cash with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, no losses have been experienced with these accounts.

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 3–RELATED PARTIES

The Organization’s treasurer is also the executive director of a Boys and Girls Club that is served by the Organization. The club pays dues to the Alliance annually. For the years ended December 31, 2018 and 2017, the Organization paid \$23,652 and \$16,913, respectively, to the club managed by the Organization’s treasurer.

In addition, the grant coordinator that works with the Organization is an employee of a Boys and Girls Club that is served by the Organization. The club pays dues to the Alliance annually. For the years ended December 31, 2018 and 2017, the Organization paid \$42,095 and \$45,566, respectively, to the club that employs the Organization’s grant coordinator.

Note 4–GRANTS

The Organization participated in several grant programs for the years ending December 31, 2018 and 2017. Under each of the grants various member clubs participate in the programs. One of the member club’s provides the grant administration functions. For the years ending December 31, 2018 and 2017, the following grant activity occurred:

	2018		
	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
Indiana Kids	\$ 1,505,330	\$ 1,480,276	\$ 25,054
21 st Century Community Learning Centers	468,987	458,434	10,553
Child and Adult Care Food Programs	1,341,897	1,441,605	(99,708)
Abstinence	166,316	157,329	8,987
Americorp	543,887	551,582	(7,695)
	<u>\$ 4,026,417</u>	<u>\$ 4,089,226</u>	<u>\$ (62,809)</u>
	2017		
	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
Indiana Kids	\$ 1,193,601	\$ 1,196,863	\$ (3,262)
21 st Century Community Learning Centers	470,616	448,316	22,300
Child and Adult Care Food Programs	1,212,358	1,178,688	33,670
Abstinence	178,437	163,116	15,321
Americorp	123,755	73,071	50,684
Other	10,000	-	10,000
	<u>\$ 3,188,767</u>	<u>\$ 3,060,054</u>	<u>\$ 128,713</u>

SUPPLEMENTARY INFORMATION

INDIANA ALLIANCE OF BOYS AND GIRLS CLUB, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018

	Indiana	Boys & Girls	
	Alliance of	Club of	
	Boys and Girls	Indiana	Total
	Club	Indiana	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current Assets			
Cash	\$ 148,316	\$ 196,176	\$ 344,492
Grants receivable	<u>352,372</u>	<u>88,016</u>	<u>440,388</u>
Total Current Assets	<u>500,688</u>	<u>284,192</u>	<u>784,880</u>
Property and Equipment			
Office equipment	42,953	-	42,953
Less accumulated depreciation	<u>(33,525)</u>	<u>-</u>	<u>(33,525)</u>
Property and Equipment, net	<u>9,428</u>	<u>-</u>	<u>9,428</u>
Other Assets			
Software and design costs	22,823	-	22,823
Less accumulated ammortization	<u>(11,599)</u>	<u>-</u>	<u>(11,599)</u>
Other Assets, net	<u>11,224</u>	<u>-</u>	<u>11,224</u>
Total Assets	<u>\$ 521,340</u>	<u>\$ 284,192</u>	<u>\$ 805,532</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 68,723	\$ -	\$ 68,723
Grant reimbursements payable	227,558	-	227,558
Accrued expenses	<u>-</u>	<u>4,160</u>	<u>4,160</u>
Total Current Liabilities	<u>296,281</u>	<u>4,160</u>	<u>300,441</u>
Net Assets			
Without donor restrictions	<u>225,059</u>	<u>280,032</u>	<u>505,091</u>
Total Net Assets	<u>225,059</u>	<u>280,032</u>	<u>505,091</u>
Total Liabilities and Net Assets	<u>\$ 521,340</u>	<u>\$ 284,192</u>	<u>\$ 805,532</u>

INDIANA ALLIANCE OF BOYS AND GIRLS CLUB, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017

	Indiana	Boys & Girls	
	Alliance of	Club of	
	Boys and Girls	Indiana	Total
	Club	Indiana	
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current Assets			
Cash	\$ 294,771	\$ 121,796	\$ 416,567
Grants receivable	<u>250,677</u>	<u>95,274</u>	<u>345,951</u>
Total Current Assets	<u>545,448</u>	<u>217,070</u>	<u>762,518</u>
Property and Equipment			
Office equipment	41,775	-	41,775
Less accumulated depreciation	<u>(28,882)</u>	<u>-</u>	<u>(28,882)</u>
Property and Equipment, net	<u>12,893</u>	<u>-</u>	<u>12,893</u>
Other Assets			
Software and design costs	22,823	-	22,823
Less accumulated ammortization	<u>(6,735)</u>	<u>-</u>	<u>(6,735)</u>
Other Assets, net	<u>16,088</u>	<u>-</u>	<u>16,088</u>
Total Assets	<u>\$ 574,429</u>	<u>\$ 217,070</u>	<u>\$ 791,499</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 112,554	\$ -	\$ 112,554
Grant reimbursements payable	160,970	-	160,970
Accrued expenses	<u>-</u>	<u>12,125</u>	<u>12,125</u>
Total Current Liabilities	<u>273,524</u>	<u>12,125</u>	<u>285,649</u>
Net Assets			
Without donor restrictions	<u>300,905</u>	<u>204,945</u>	<u>505,850</u>
Total Net Assets	<u>300,905</u>	<u>204,945</u>	<u>505,850</u>
Total Liabilities and Net Assets	<u>\$ 574,429</u>	<u>\$ 217,070</u>	<u>\$ 791,499</u>

INDIANA ALLIANCE OF BOYS AND GIRLS CLUB, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Indiana Alliance of Boys and Girls Club	Boys & Girls Club of Indiana	Eliminations	Consolidated
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUE				
Members fees and dues	\$ 74,000	\$ -	\$ -	\$ 74,000
Government grants	3,412,851	613,566	-	4,026,417
Contributions	9,497	7,220	-	16,717
Club reimbursements	1,977	368,282	(131,240)	239,019
Miscellaneous income	<u>5,844</u>	<u>365</u>	<u>-</u>	<u>6,209</u>
Total Revenues	<u>3,504,169</u>	<u>989,433</u>	<u>(131,240)</u>	<u>4,362,362</u>
EXPENSES				
Program services expense	<u>3,462,656</u>	<u>885,032</u>	<u>(103,023)</u>	<u>4,244,665</u>
Supporting services expense				
Management and general	110,301	23,291	(22,101)	111,491
Fundraising and development	<u>7,058</u>	<u>6,023</u>	<u>(6,116)</u>	<u>6,965</u>
Total supporting services expense	<u>117,359</u>	<u>29,314</u>	<u>(28,217)</u>	<u>118,456</u>
Total Expenses	<u>3,580,015</u>	<u>914,346</u>	<u>(131,240)</u>	<u>4,363,121</u>
Change in Net Assets	(75,846)	75,087	-	(759)
NET ASSETS - beginning of the year	<u>300,905</u>	<u>204,945</u>	<u>-</u>	<u>505,850</u>
NET ASSETS - end of the year	<u>\$ 225,059</u>	<u>\$ 280,032</u>	<u>\$ -</u>	<u>\$ 505,091</u>

INDIANA ALLIANCE OF BOYS AND GIRLS CLUB, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Indiana Alliance of Boys and Girls Club	Boys & Girls Club of Indiana	Eliminations	Consolidated
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUE				
Members fees and dues	\$ 74,350	\$ -	\$ -	\$ 74,350
Government grants	3,055,012	297,367	(173,612)	3,178,767
Contributions	24,007	-	-	24,007
Club reimbursements	95,608	158,239	-	253,847
Miscellaneous income	<u>10,955</u>	<u>-</u>	<u>-</u>	<u>10,955</u>
Total Revenues	<u>3,259,932</u>	<u>455,606</u>	<u>(173,612)</u>	<u>3,541,926</u>
EXPENSES				
Program services expense	<u>3,089,756</u>	<u>229,280</u>	<u>(114,772)</u>	<u>3,204,264</u>
Supporting services expense				
Management and general	120,690	61,381	(58,840)	123,231
Fundraising and development	<u>6,281</u>	<u>-</u>	<u>-</u>	<u>6,281</u>
Total supporting services expense	<u>126,971</u>	<u>61,381</u>	<u>(58,840)</u>	<u>129,512</u>
Total Expenses	<u>3,216,727</u>	<u>290,661</u>	<u>(173,612)</u>	<u>3,333,776</u>
Change in Net Assets	43,205	164,945	-	208,150
NET ASSETS - beginning of the year	<u>257,700</u>	<u>40,000</u>	<u>-</u>	<u>297,700</u>
NET ASSETS - end of the year	<u>\$ 300,905</u>	<u>\$ 204,945</u>	<u>\$ -</u>	<u>\$ 505,850</u>

INDIANA ALLIANCE OF BOYS AND GIRLS CLUB, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Passed-through to Subrecipients</i>	<i>Federal Expenditures</i>
477 Cluster				
Department of Health and Human Services				
Temporary Assistance for Needy Families (477 Cluster - Version 2)	93.558	Indiana Department of Workforce Development,29698	\$	1,266,604
Temporary Assistance for Needy Families (477 Cluster - Version 2)	93.558	Indiana Department of Workforce Development,23776		238,726
Total Temporary Assistance for Needy Families (477 Cluster - Version 2)			<u>\$ 1,356,269</u>	<u>1,505,330</u>
<i>Total Department of Health and Human Services</i>				<u>1,505,330</u>
Total 477 Cluster				<u>1,505,330</u>
Child Nutrition Cluster				
United States Department of Agriculture				
Summer Food Service Program for Children	10.559	Indiana Department of Education	-	176,661
<i>Total United States Department of Agriculture</i>				<u>176,661</u>
Total Child Nutrition Cluster				<u>176,661</u>
Other Programs				
Corporation for National and Community Service				
AmeriCorps	94.006	Indiana Department of Workforce Development,28959	-	543,887
<i>Total Corporation for National and Community Service</i>				<u>543,887</u>
Department of Education				
Twenty-First Century Community Learning Centers	84.287	Indiana Department of Education,20678		217,531
Twenty-First Century Community Learning Centers	84.287	Indiana Department of Education,18850		181,777
Twenty-First Century Community Learning Centers	84.287	Indiana Department of Education,25526		69,679
Total Twenty-First Century Community Learning Centers			<u>246,496</u>	<u>468,987</u>
<i>Total Department of Education</i>				<u>468,987</u>
Department of Health and Human Services				
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235	Indiana State Department of Health,22444	<u>123,986</u>	<u>166,316</u>
<i>Total Department of Health and Human Services</i>				<u>166,316</u>
United States Department of Agriculture				
Child and Adult Care Food Program	10.558	Indiana Department of Education	-	1,165,236
<i>Total United States Department of Agriculture</i>				<u>1,165,236</u>
Total Other Programs				<u>2,344,426</u>
Total Expenditures of Federal Awards			<u>\$ 1,726,751</u>	<u>\$ 4,026,417</u>

The accompanying notes are an integral part of this schedule.

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC. AND SUBSIDIARY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1 – BASIS OF PRESENTATION

Basis of Presentation - The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary.

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary (the Organization), which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency* in internal control 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitation, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kemper CPA Group LLP
Avon, Indiana
April 22, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary

Report on Compliance for Each Major Federal Program

We have audited Indiana Alliance of Boys and Girls Clubs, Inc.'s and Subsidiary (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2018. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion of Each Major Federal Program

In our opinion, Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Kemper CPA Group LLP
Avon, Indiana
April 22, 2019

**INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

- | | |
|---|------------|
| 1. Type of auditor’s report issued on the consolidated financial statements | Unmodified |
| 2. During the audit of the consolidated financial statements, were any significant deficiencies in internal control disclosed? | No |
| 3. If so, were any such deficiencies considered material weaknesses? | N/A |
| 4. Did the audit disclose any instances of non-compliance that would be considered material to the consolidated financial statements? | No |

Federal Awards

- | | |
|---|------------|
| 1. Were any significant deficiencies in internal control over major programs disclosed? | No |
| 2. If so, were any such deficiencies considered material weaknesses? | N/A |
| 3. Type of report issued on compliance for major programs | Unmodified |
| 4. Any findings disclosed that are required to be reported in accordance with the Uniform Guidance? | No |
| 5. Major Programs: | |
| Temporary Assistance for Needy Families | 93.558 |
| Child/Adult Food Program | 10.558 |
| Twenty-First Century Community Learning Centers | 84.287 |
| 6. Dollar threshold to distinguish between Type A and Type B programs | \$750,000 |
| 7. Does auditee qualify as a low-risk auditee? | No |

SECTION II – FINANCIAL STATEMENT AUDIT FINDINGS

There were no consolidated financial statement findings for the year ended December 31, 2018.

SECTION III – MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS

There were no federal award findings and questioned costs for the year ended December 31, 2018.

SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

There were no prior year findings or questioned costs for the year ended December 31, 2017.