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Management’s Discussion and Analysis of the Financial Report

For the Year Ended December 31, 2020

(An accompaniment to the audited financial statement)

**Overview of the Financial Statements**

This discussion and analysis is a narrative overview and analysis of the financial activities of Boys & Girls Clubs of Acadiana, Inc. (BGCA) prepared by its management for the fiscal year ended December 31, 2020, compared to the corresponding period in the prior year. The intent is to assist the reader in focusing on significant financial issues and to provide an overview of the financial activity as it relates to the financial report for the year ended December 31, 2020. **All page numbers noted in this document refer to Boys & Girls Clubs of Acadiana, Inc. Financial Report for Years Ended December 31, 2020 and 2019 dated June 8, 2021 and is referred to as “the report” in this document.**

Nonprofit Auditing Standards requires the presentation of four basic financial statements, as discussed below. This report also includes notes to the financial statements and other supplementary information in addition to the basic financial statements. These statements have been prepared using the accrual basis of accounting. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

Statements of Financial Position presents information on all BGCA’s assets and liabilities, with the difference between the two reported as net assets for years ending December 31, 2020 and 2019. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of BGCA is improving or deteriorating.

Statements of Activities report information about BGCA as a whole and about its activities, including increases and decreases in Net assets Without Donor Restrictions and With Donor Restrictions.

Statements of Functional Expenses breakout the expenses for each activity or service area into greater detail by function.

Statements of Cash Flows show how changes in financial position and activities affect cash and cash equivalents and break the analysis into operating, investing, and financing activities. These statements are useful in determining the short-term viability of a company.

The Notes to the Financial Statements beginning on page 10 of the report is an integral part of the financial statements and are referred to throughout the Financial Statement Analysis that follows.

Supplementary information beginning on page 20 of the report is also presented to inform the reader.

**Financial Statement Analysis**

The Statements of Financial Position found on page 4 of the report provides a comparison of balances at 2020 and 2019 year end. Total assets comprised of current assets, capital assets and other assets increased by $550,457 in 2020. The following chart illustrates the five-year trend of Total Assets broken out by group:

**Total Assets for years ending December 31, 2016 – 2020 (in thousands)**

Total current assets increased by $470,136, net capital assets increased by $80,321, and other assets remained the same.

Cash and cash equivalents included in current assets increased by $452,265 and is outlined in the Statements of Cash Flows found on page 9 of the report. The total increase is the result of net cash used for operating activities of $251,366, a decrease in net cash provided by investing activities of $149,801, and an increase in the result of net cash provided by financing activities of $350,700.

Grants receivable has a balance of $0 in 2020 due to all grants being paid as of year-end.

Other receivables increased by $37,435. At year end, BGCA had receivables from various donors who had not fulfilled their pledges as of year-end.

Prepaid expenses increased by $13,666. At the end of 2020, BGCA had prepaid employee health premiums of $15,627 and other prepaid expenses of $11,949 which include credit card activity and an upcoming leadership training.

A schedule of the property and equipment, net of accumulated depreciation is provided on page 13 of the report in Note (3) on page 13 and shows the change of $80,321 is due to 2020 depreciation of $69,480; Building & improvements increase of $100,175 and Furniture & equipment decrease of $76,373. BGCA’s capitalization policy is outlined in Note (1) F. on page 11 of the report.

Other assets remained the same from 2019 to 2020.

Total liabilities and net assets increased by $550,457. The following chart illustrates the five-year trend of total liabilities and net assets:

**Total Liabilities for years ending December 31, 2016- 2020 (in thousands)**

Total Liabilities increased by $393,985.

Current Liabilities increased by $246,382. This is comprised of an increase of $35,402 in accounts & payroll withholdings payable, an increase in Scholarships payable of $8,883, a decrease in deferred revenue of $1,000, a decrease in Line of credit of $4,500 and an increase in the current maturities of long-term debt of $207,597. BGCA acquired a PPP loan during 2020. Details of the Notes Payable can be found in Note (6) on page 14 of the report.

Noncurrent Liabilities at year-end total $147,603 in 2020. The details of the long-term debt can be found in Note (7) on page 14 of the report.

Overall net assets increased by $156,472 or 12%, which represents the excess of expenses over revenue on the Statements of Activities for 2020 on page 5 of the report. Net Assets are presented both with and without donor restrictions. Net assets without donor restrictions, decreased by $5,052; net assets with donor restrictions increased by $161,524. Notes (8), (9) and (10) beginning on page 15 of the report details the composition of the net assets.

­­­­­­­­­­­­­The Statements of Activities for 2020 indicate a decrease in revenue and other support of $103,847 and a decrease in expenses of $144,954.

The following table shows a 5-year trending of public support and revenue:

**Revenue, Gains and Other Support for the years ending December 31, 2016 – 2020 (in thousands)**

Campaign contributions increased by $271,585 in 2020.

Grant revenue increased by $11,618. Federal grants increased by $16,420, State grants increased by $23,066 and Local grants decreased by $27,868. Federal government grant expenditures in 2020 are outlined on page 17 of the report. All grant revenue is recorded as restricted when received and is released from restriction upon use.

Event revenue decreased by $281,282. Great Futures Gala decreased by $148,907, Golf Tournament decreased by $34,770 due to it being postponed, Duck Race decreased by $12,764, Celebrity Waiter decreased by $101,681 due to cancellation, other events increased by $18,710. Events Revenue was greatly affected by COVID-19 restrictions during the 2020 year. Most of the events had to be postponed or canceled until a later date.

In-kind revenue decreased by $22,222. Note (1) K & L. on page 12 of the report details the types of in-kind donations recorded in 2020 and 2019. This income is offset by a corresponding expense shown as a line item in the Statements of Functional Expenses found on pages 7 and 8 of the report. There is no effect on the change in net assets for in-kind income and expense.

All Other Revenue decreased by $83,546 and includes a decrease in Keystone income of $13,002, a decrease in Membership dues revenue of $65,342, a decrease in other income of $5,202. Our clubs were closed for a portion of 2020 and once reopened, had low enrollment due to COVID-19 restrictions. These changes affected Other Revenue.

Expenses and losses are outlined in the Statements of Activities by Program Services and Supporting Services.

Total expenses for 2020 decreased from 2019 by $144,954. Program services, which include Education and Recreation activities at our clubs, decreased by $159,276 and supporting services increased by $14,322. Supporting services include management and general expenses, which increased by $152,563 and fundraising expenses which decreased by $138,241.

**Five-year trend of expenses by type of service (in thousands**)



The following charts depict a five-year trend of expenses grouped by type of service:

**Five-year trend of expenses by type of service (in thousands)**

Supporting services or overhead costs include important investments made to improve the work of BGCA: investments in training, planning, evaluation, and internal systems— as well as efforts to raise money to operate their programs. These expenses allow BGCA to sustain and improve itself. The overhead ratio is calculated by dividing supporting services by total revenue.

**Five-year trend of the overhead ratio**



Program expenses can be further broken up into location area as follows:

**Program expenses by location (in thousands**)



The Statements of Functional Expenses on pages 7 and 8 of the report provide some detail of the types of expenses incurred in 2020 compared to 2019. Total expenses decreased by $144,954 or 7.2 %. COVID-19 restrictions temporarily changed the course of our business and therefore events were cancelled/postponed, and expenses were decreased due to clubs being closed. Line-item variances over $2,500 are outlined as follows:

* Salaries, benefits and payroll taxes increased by $9,697 due to staff changes in 2020.
* Donated advertising decreased by $19,410 due to lowered marketing cost associated with COVID-19 restrictions on events.
* Celebrity Waiter decreased by $15,091 due to the event being cancelled.
* Donated Materials decreased by $2,812 due to lowered marketing costs.
* Duck Race expenses decreased by $4,075 due to streamlining expenses in an uncertain time.
* Golf Tournament expenses decreased by $10,568 due to the event being postponed 2020.
* Keystone expenses decreased by $8,810. This is a direct effect of the club’s closure during 2020.
* Miscellaneous expenses decreased by $6,566 due to temporary changes to the course of our business in 2020.
* Printing expenses were increased by $6,272. These expenses were inflated due to the new Meal Distribution efforts that took place during the club closures in addition to membership registration postcards for the Fall of 2020 being mailed out.
* Repairs and Maintenance expense increased by $23,778 due to the increased costs associated with reopening our clubs once we were allowed to do so.
* Great Futures Gala Event expense decreased by $94,940 due to the event being changed to virtual.
* Supplies expenses increased by $4,181 due to the increased cleaning supplies needed to reopen our clubs once we were allowed to do so.
* Telephone expenses decreased by $3,734 due to decreased usage during COVID-19 restrictions.
* Training and Conferences decreased by $16,632 due to COVID-19 restrictions.
* Utilities and security expenses decreased by $4,349 due to COVID-19 restrictions.
* Depreciation expenses increased by $3,521 due to changes in Fixed Assets.

The increases and decreases outlined above make up all but $5,416 of the total decrease in expenses.

The following chart is a detailed trend of expenses by function:

**Five-year trend of expenses by function (in thousands)**



**Request for Information**

The financial report is designed to provide a general overview of Boys & Girls Clubs of Acadiana’s finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Riley Meaux

Controller

Boys & Girls Clubs of Acadiana, Inc.

P.O. Box 62166

Lafayette, LA 70596-2166

(337) 703-4757

Rmeaux@bgcacadiana.com