

6226

RECEIVED
LEGISLATIVE AUDITOR

04 AUG -3 AM 11:19

**THE BOYS & GIRLS CLUB OF THE BAYOU TECHE
REGION, INC.**

**INDEPENDENT AUDITOR'S REPORT AND REPORT ON
INTERNAL CONTROL AND COMPLIANCE**

Franklin, LA

For the Year Ended December 31, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-11-04

THE BOYS & GIRLS CLUB OF THE BAYOU TECHE REGION, INC.

DECEMBER 31, 2003

TABLE OF CONTENTS

FINANCIAL INFORMATION SECTION

Independent Auditor's Report	3-4
Statement of Financial Position	5
Statement of Activities and Changes in Net Assets	6
Statement of Functional Expenses.....	7
Statement of Cash Flows	8
Notes to the Financial Statements	9-12

SUPPLEMENTARY INFORMATION

Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	14-15
Schedule of Findings and Questioned Costs	16-19
Summary Schedule of Prior Audit Findings	20
Management's Corrective Action Plan	21-22



**EILEEN
SHANKLIN
ANDRUS
CERTIFIED
PUBLIC
ACCOUNTANT**
A LIMITED LIABILITY
COMPANY

**Member of the
American Institute
of Certified Public
Accountants**

**Member of the
Louisiana Society
of Certified Public
Accountants**

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
The Boys and Girls Club of Bayou Teche Region, Inc.
Franklin, LA 70879-7308

I have audited the accompanying financial statements of The Boys and Girls Club of Bayou Teche Region, Inc. (the Club) as of December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of the Club's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Boys and Girls Club of the Bayou Teche Region, Inc. as of December 31, 2003 and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 30, 2004 on my consideration of the Club's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the financial statements of the Club. The accompanying supplementary information is presented for purposes of additional analysis, and is not a required part of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Eileen Shanklin Andrus

CERTIFIED PUBLIC ACCOUNTANT
A LIMITED LIABILITY COMPANY

June 30, 2004

THE BOYS AND GIRLS CLUB OF THE BAYOU TECHE REGION, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2003

ASSETS

Cash and Cash Equivalents	\$	8,632
Grant Receivable		7,829
Prepaid Expenses		666
Land & Buildings (net of accumulated depreciation of \$ 12,225)		<u>32,607</u>
Total Assets	\$	<u>49,734</u>

LIABILITIES & NET ASSETS

Liabilities:		
Accounts Payable	\$	1,875
Accrued Expenses		183
Note Payable		<u>31,237</u>
Total Liabilities		<u>33,295</u>
Net Assets		
Temporarily Restricted		32,607
Unrestricted Net Assets		<u>(16,168)</u>
Total Net Assets		<u>16,439</u>
Total Liabilities and Net Assets	\$	<u>49,734</u>

See accompanying notes.

THE BOYS AND GIRLS CLUB OF THE BAYOU TECHE REGION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

DECEMBER 31, 2003

INCREASES IN NET ASSETS	<u>UNRE- STRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
SUPPORT:			
Federal Financial Assistance			
Louisiana Commission on Law Enforcement	--	\$ 24,749	\$ 24,749
Boys & Girl Clubs of America	--	36,860	36,860
Louisiana Alliance of Boys & Girls Clubs	--	23,194	23,194
Local Financial Assistance			
Local Government Grants	--	24,500	24,500
Private Grants & Donations	7,099		7,099
Contributed Professional Fees	\$ 2,800	--	2,800
Fund Raiser	532	--	532
Total Support	<u>10,431</u>	<u>109,303</u>	<u>119,734</u>
Assets Released			
From Restrictions	<u>109,040</u>	<u>(109,039)</u>	--
Total Increase in Net Assets	<u>119,471</u>	<u>264</u>	<u>119,734</u>
DECREASES IN NET ASSETS			
EXPENSES:			
Program Services	97,428	--	97,428
Supporting Services			
Management & General	14,863	--	14,863
Fundraising	145	--	145
Total Decrease in Net Assets	<u>112,436</u>	<u>--</u>	<u>112,436</u>
Net Increase (Decrease) in Net Assets	<u>7,035</u>	<u>264</u>	<u>7,298</u>
Beginning Net Assets	<u>(23,203)</u>	<u>32,343</u>	<u>9,140</u>
Net Assets, December 31, 2003	\$ <u>(16,168)</u>	\$ <u>32,607</u>	\$ <u>16,439</u>

See accompanying notes.

THE BOYS GIRLS CLUB OF THE BAYOU TECHE REGION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Program</u> <u>Services</u>	<u>Supporting</u> <u>Services</u>		
	<u>Women and</u> <u>Children</u>	<u>Management</u> <u>and General</u>	<u>Fund</u> <u>Raising</u>	<u>Total</u>
Accounting & Legal	--	\$ 3,000	--	\$ 3,000
Casual Labor	\$ 580	--	--	580
Client Expenses	5,518	--	--	5,518
Contributed Professional Fees	--	2,800	--	2,800
Equipment Rental & Maintenance	7,857	--	--	7,857
Conferences & Training	--	6,415	--	6,415
Depreciation	--	2,236	--	2,236
Dues & Subscriptions	1,538	--	--	1,538
Interest	3,330	--	--	3,330
Office Supplies	5,197	--	--	5,197
Salaries & Fringe	53,171	--	--	53,171
Postage & Shipping	--	223	--	223
Program Development	983	--	--	983
Repairs	6,356	--	--	6,356
Telephone	4,120	--	--	4,120
Travel & Entertainment	2,309	--	--	2,309
Utilities	6,256	--	--	6,256
Miscellaneous	213	189	145	547
Total	\$ <u>97,428</u>	\$ <u>14,863</u>	<u>145</u>	\$ <u>112,436</u>

See accompanying notes.

THE BOYS AND GIRLS CLUB OF THE BAYOU TECHE REGION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2003

Cash Flows from Operating Activities:	
Net Increase (Decrease) in Net Assets	\$ 7,298
Adjustments to Net Assets	
Add: Depreciation	2,236
(Increase) Decrease in Assets	
Grant Receivable	(6,613)
Increase (Decrease) in Liabilities	
Accounts Payable	1,307
Accrued Expenses	<u>(990)</u>
Net Cash Provided (Used) by Operating Activities	<u>3,238</u>
Cash Flows from Investing Activities:	
Property & Building Improvements	<u>(2,500)</u>
Net Cash Provided (Used) by Investing Activities	<u>(2,500)</u>
Cash Flows from Financing Activities:	
Payments on Loan	<u>2,532</u>
Net Cash Provided (Used) by Financing Activities	<u>2,532</u>
Net Increase in Cash and Cash Equivalents	3,270
Cash and Cash Equivalents, December 31, 2002	<u>5,362</u>
Cash and Cash Equivalents, December 31, 2003	\$ <u>8,632</u>

See accompanying notes.

THE BOYS AND GIRLS CLUB OF THE BAYOU TECHE REGION, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Boys and Girls Club of the Bayou Teche Region, Inc. (the Club) is a not-for-profit corporation created for the purpose of providing educational and recreational activities to the children of the Bayou Teche Region.

B. Principles

The financial statements of the Club have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles.

C. Basis of Presentation

The Club's financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SAFS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted Net Assets - limited only by the broad limits resulting from the nature of the organization, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws and limits resulting from contractual agreements with suppliers, creditors and others entered into by the organization in the course of its business.

Temporarily Restricted Net Assets - assets whose restrictions lapse with the passage of time.

Permanently Restricted Net Assets - assets whose restrictions do not lapse with the passage of time.

Presently the Boys & Girls Club, Inc. has unrestricted and temporarily restricted net assets.

**THE BOYS AND GIRLS CLUB OF THE BAYOU TECHE REGION,
INC.**

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

D. Contributions

Contributions are recognized when a donor makes a promise to give. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

E. Equipment and Furnishings

Equipment and furnishings are carried at cost. Depreciation is computed using the straight-line method over 30 years for buildings and improvements and over 3 years for equipment and furnishings. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statement of activity for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Deductions are made of retirements resulting from renewals or betterments.

F. Income Taxes

The Club is operating under Section 501 © (3) of the Internal Revenue Code, and is generally exempt from federal, state and local income taxes. Accordingly, no provision for income taxes is included in the financial statements. This nonprofit organization has been classified as an organization that is not a private foundation under Sec 509 (A).

G. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Club considers all unrestricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THE BOYS AND GIRLS CLUB OF THE BAYOU TECHE REGION, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

I. Annual and Sick Leave

The Club does not allow its employees to earn sick or annual leave.

NOTE 2 – GRANT RECEIVABLE

The Club had the following amount receivable from grants at December 31, 2003:

	<u>AMOUNT</u>
Louisiana Commission on Law Enforcement	\$ 4,749
Louisiana Alliance of Boys & Girls Clubs	<u>3,080</u>
Total	<u>\$ 7,829</u>

NOTE 3 - PREPAID EXPENSES

The balance of \$ 666 represents the organization's prepayment of general liability, auto and property insurance.

NOTE 4- FURNITURE & FIXTURES

The Club's furniture and fixtures consist of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Delctions</u>	<u>Ending Balance</u>
Land & Buildings	\$ 39,000	--	--	39,000
Leasehold Improvements	<u>3,332</u>	\$ <u>2,500</u>	--	<u>5,832</u>
Total	\$ <u>42,332</u>	\$ <u>2,500</u>	--	\$ 44,832
Less: Accumulated Depreciation				<u>(12,225)</u>
Net Fixed Assets				<u>\$ 32,607</u>

Total depreciation expense totals \$ 2,236 at December 31, 2003.

THE BOYS AND GIRLS CLUB OF THE BAYOU TECHE REGION, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2003

NOTE 5 – NOTE PAYABLE

Note Payable to a private citizen, secured by a building and land, bearing interest at a rate of 9.8% per annum, due in monthly installments of \$ 497.97, maturing in January of 2008.

\$ 31,237

Principal maturities of long-term debt are indicated below:

<u>Year</u>	<u>Amount</u>
2004	2,407
2005	1,995
2006	1,722
2007	1,568
2008	<u>23,545</u>
Total	\$ <u>31,237</u>

NOTE 6 - CONCENTRATIONS

The majority of support received by the Club comes in the form of grants from the State of Louisiana, the Federal government, the Parish of St. Mary and other surrounding parishes and various other privately funded organizations. At December 31, 2003 governmental grants represented 77 % of the Club's total revenue.

NOTE 7 – ECONOMIC DEPENDENCY

Due to the Club receiving the majority of its funding from federal, state and local government agencies, significant budget cuts at the federal, state or local level could have severe adverse effects on the Club's operations.

As of this writing, management is not aware of any governmental actions, which could adversely effect the funding received by the Club.

SUPPLEMENTARY INFORMATION



**EILEEN
SHANKLIN
ANDRUS
CERTIFIED
PUBLIC
ACCOUNTANT**
A LIMITED LIABILITY
COMPANY

Member of the
American Institute
of Certified Public
Accountants

Member of the
Louisiana Society
of Certified Public
Accountants

**REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Board of Directors of
The Boys and Girls Club of Bayou Teche Region, Inc.
Franklin, LA 70879-7308

I have audited the financial statements of the Boys & Girls Club of the Bayou Teche Region, Inc. (nonprofit organization) as of and for the year ended December 31, 2003, and have issued my report thereon dated June 30, 2004. I conducted my audit 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.

Compliance

As part of obtaining reasonable assurance about whether the Club's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as items # 02-01, #02-02, #03-01 and #03-02.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Club's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Club's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items # 02-01, # 02-2, #03-01 and # 03-02.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider #02-01 and #03-01 to be material weaknesses

This report is intended for the information of management, the Board of Directors of the Club, the Legislative Auditor of the State of Louisiana, federal, state and local awarding agencies and pass-through agencies. This report is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Eileen Shanklin Andrus
CERTIFIED PUBLIC ACCOUNTANT
A LIMITED LIABILITY COMPANY

June 30, 2004

THE BOYS & GIRLS CLUB OF THE BAYOU TECHE REGION, INC.

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2003

Section 1 Summary of Auditor's Reports

Financial Statements

Type of auditor's report issued = **unqualified**

Type of auditor's report issued on compliance and internal control = **qualified.**

Internal Control over financial reporting:

Material Weakness(es) identified Yes No
Reportable Condition(s) identified
that is not considered to be
material weaknesses Yes None Reported

Noncompliance material to financial
Statements noted? Yes No

Federal Awards

Internal Control over major programs: **NOT APPLICABLE**

Material weakness(es) identified? Yes No
Reportable condition(s) identified
that is not considered to be a
material weakness(es). Yes none reported

Type of auditor's report issued on compliance for major programs = **NOT APPLICABLE.**

Any audit findings disclosed that
Are required to be reported
In accordance with section
510 (a) of Circular A-133? Yes No

THE BOYS & GIRLS CLUB OF THE BAYOU TECHE REGIONS, INC.

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2003

Section 1 Summary of Auditor's Reports

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
NONE	NONE

Dollar threshold used to distinguish
Between type A and type B programs: NOT APPLICABLE

Auditee qualified as low-risk auditee? Yes No

Section II & III Financial Statement and Federal Award Findings

#02-01 General Ledger Reconciliations

Condition: During the course of my testing I noted that the minimum reconciliations of cash, receivables and payables to the general ledger were not being performed to accuracy by the Boys & Girls Clubs of the Bayou Teche Region, Inc. In fact, the cash reconciliations were not balanced throughout the year to the general ledger balances. Differences between the general ledger and the bank reconciliation at December 31, 2003 resulted in a general ledger cash balance that was \$ 601.40 more than the reconciled bank balance.

Cause: This condition is caused by lack of procedures for reviewing and approving the reconciled bank balances, accounts receivable detail and accounts payable detail.

Effect: This condition has the effect of weakening controls in the accounting function and increasing the risk of misstatements.

Criteria: A good system of internal control over the accounting function would reconcile the cash per book to the bank reconciliation with accuracy and have the reconciliation reviewed by someone other than the preparer of the reconciliation. Periodic (usually monthly) recording of amounts still owed to the club (receivables) and amount owed by the Club to others (payables) should be accomplished to insure that the financial statements are accurately stated throughout the year.

Questioned Costs: Unknown.

Recommendation: I recommend that the general ledger reconciliations mentioned above be performed on a monthly basis as necessary.

THE BOYS & GIRLS CLUB OF THE BAYOU TECHE REGION, INC.

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2003

Section III Federal Award Findings and Questioned Costs

#02-02 Segregation of Duties

Condition: During the course of my testing I noted that there is very little segregation of duties in the accounting function..

Cause: This condition is caused by the relatively small size of the entity and its accounting function .

Effect: This condition has the effect of weakening controls in the accounting function.

Criteria: A good system of internal control over the accounting function would not have the same person reconciling bank statements and entering transactions into the general ledger.

Questioned Costs: None

Recommendation: I recommend that when funding becomes available that the Club expands its staff to allow for the proper segregation of duties.

03-01 Required Number of Signatures

Condition: During the course of my testing and upon a further scan of the check imaging provided by the Club's financial institution, I noted that 17 of the 343 checks written during 2003 did not contain the required two signatures. Four of the seventeen contained no back-up for the expenditure. These three checks totaled \$ 624.72.

Cause: This condition is caused by failure of the Club to follow its own internal procedures.

Effect: This condition has the effect of weakening controls in the accounting function.

Criteria: A good system of internal control over check signing would have the required two signatures on each check prior to release of the check.

Questioned Costs: 624.72

Recommendation: I recommend that an independent verifier other than the check signer review all checks prior to mailing or release.

THE BOYS & GIRLS CLUB OF THE BAYOU TECHE REGION, INC.

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2003

Section III Federal Award Findings and Questioned Costs

MGT. 03-02 Timely Submission of Audited Financial Statements

Condition: I noted that the Boys & Girls Club of the Bayou Teche Region failed to submit its audit report within the statutory deadline of six months.

Cause: This condition was caused by the change in Executive Directors on June 30, 2004.

Effect: This condition has the effect of putting the Club in non-compliance with State law.

Recommendation: I recommend that in the future the audit be allowed to be started within two months of the Club's yearend so that it can be submitted within the statutory deadline of six months.

Section III Federal Award Findings and Questioned Costs

SINGLE AUDIT NOT REQUIRED.

THE BOYS AND GIRLS CLUB OF THE BAYOU TECHE REGION, INC.

Status of Prior Year Findings and Management Comments

For the Year Ended December 31, 2003

Findings

#02-01 General Ledger Reconciliations = unresolved.

02-02 Segregation of Duties=unresolved.



BOYS & GIRLS CLUB
OF THE BAYOU TECHE REGION

July 9, 2004

Eileen S. Andrus, CPA LLC
1632 English Colony Dr.
LaPlace, LA 70068

906 Willow Street
P.O. Box 1013
Franklin, Louisiana 70538
(337) 413-0800
Fax (337) 413-9572

Response to Findings

#02-1 General Ledger Reconciliations

Management's Response: We have contacted our contractual CPA to admonish him about the full accrual basis or lack thereof in our financial statements. He has assured us that the accruals and receivables will be recorded on a monthly basis as requested by us from now on.

The cash balances will be reconciled to the general ledger on a monthly basis and differences investigated upon discovery. There will also be a review on a monthly basis by the executive director and the board of directors.

#02-02 Segregation of Duties

Management's Response: At this time proper segregation of duties is not possible by the Club due to the relatively small size of the staff at the Club. We have, however, developed compensating controls in that two signatures are required on each check and the invoices paid during a given month will be reviewed by the board at our monthly meetings.

03-01 Required Number of Signatures

Management's Response: Most of the checks in question occurred during the executive director's maternity leave. We realize the severity of such a breach in our internal control system. As stated in comment #02-02, our board will review all payments made by the Club on a monthly basis. In addition to this review a staff person has been designated to review all checks prior to mailing and the bank has been admonished for paying checks without the proper number of signatures.

MGT. 03-02 Timely Submission of Audited Financial Statements

Management's Response: We have taken steps to begin our audit within two months of yearend as evidenced by the hiring of a contractual CPA to do monthly accounting. We also had a unique circumstance in that the previous director's last day of employment was the last working day in June.

Sincerely,



Paulette Layton
Executive Director