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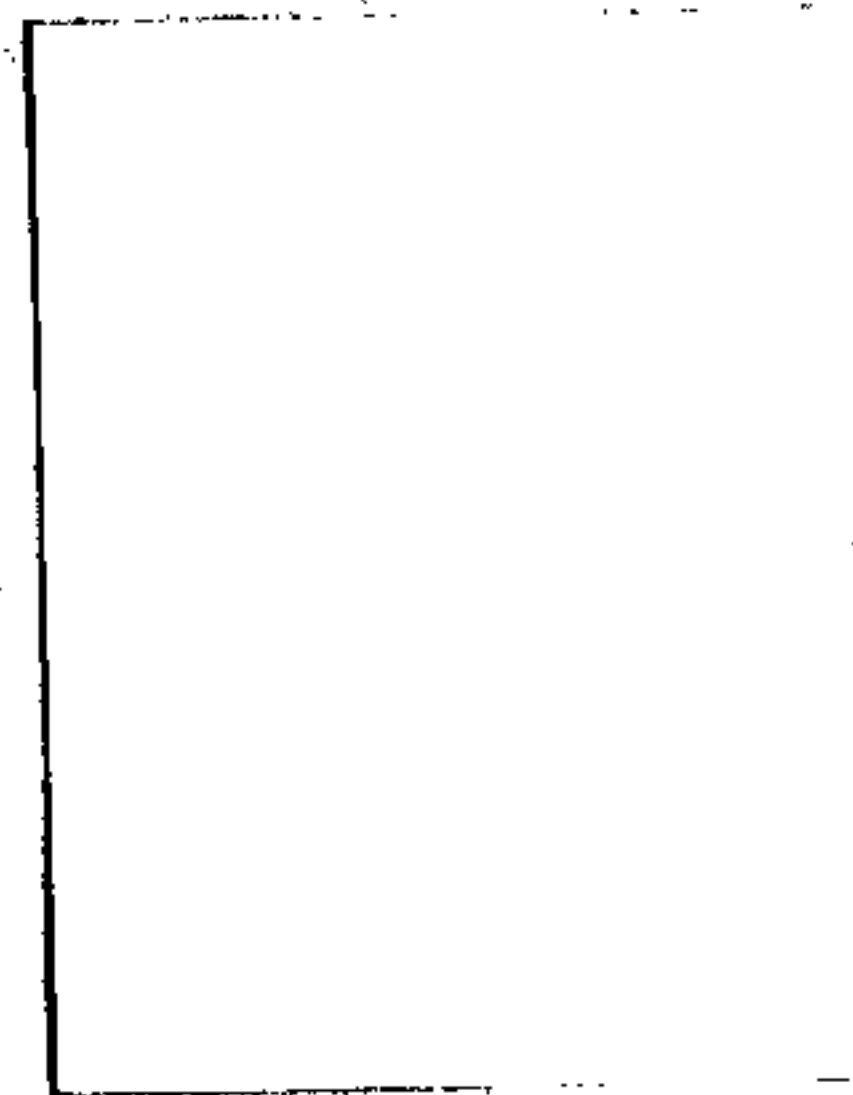
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The Boys and Girls Club of Central Louisiana, Inc.

Alexandria, Louisiana

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 9-1-04

TABLE OF CONTENTS

Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activity	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6
Schedule of Reimbursable Grant Expenses	12
Report on Compliance and on Internal Control	13
Summary of Prior Year Findings	16

KNIGHT MASDEN

Certified Public Accountants

A PROFESSIONAL ACCOUNTING CORPORATION

Coan I. Knight, Jr., CPA
K. Martin Masden, CPA
John E. Theriot II, CPA

June 23, 2004

Associate:
Fredericka A. James, CPA

Independent Auditors' Report

To the Board of Directors
The Boys and Girls Club of Central Louisiana, Inc.
Alexandria, Louisiana

We have audited the accompanying statement of financial position of The Boys and Girls Club of Central Louisiana, Inc., (a non-profit organization) as of December 31, 2003, and the related statements of activity, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Club's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Boys and Girls Club of Central Louisiana, Inc., as of December 31, 2003, and the results of its operations 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, we have also issued our report dated June 23, 2004, on our consideration of The Boys and Girls Club of Central Louisiana, Inc., internal control over financial reporting and on our 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 our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of grant expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


KNIGHT  MASDEN

The Boys and Girls Club of Central Louisiana, Inc.
Statement of Financial Position
December 31, 2003

ASSETS	
Current Assets	
Cash and cash equivalents	\$ 20,767
Accounts receivable, grants	9,595
Investments, at fair value	<u>20,749</u>
Total Current Assets	51,111
Plant, property and equipment	69,033
Land held for investment, at fair value	<u>15,000</u>
TOTAL ASSETS	<u>\$ 135,144</u>
 LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	\$ 15,763
Payroll tax and other withholdings	<u>12,650</u>
Total Current Liabilities	<u>28,413</u>
Net Assets	
Unrestricted	89,914
Temporarily restricted	<u>16,817</u>
Total Net Assets	<u>106,731</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 135,144</u>

The accompanying notes are an integral part of the financial statements.

The Boys and Girls Club of Central Louisiana, Inc.
Statement of Activity
For the year ended December 31, 2003

	Unrestricted	Temporarily Restricted	Total
Revenues			
Program services fees	\$ 5,469	\$ -	\$ 5,469
Grants	158,404	26,857	185,261
Direct and indirect support	340,125	-	340,125
Fund raising	14,145	-	14,145
Other income	1,041	-	1,041
Investment income	208	-	208
Realized and unrealized gain on investments	4,932	-	4,932
	<u>524,324</u>	<u>26,857</u>	<u>551,181</u>
Reclassifications			
Net assets released from restrictions	<u>10,040</u>	<u>(10,040)</u>	<u>-</u>
	<u>534,364</u>	<u>16,817</u>	<u>551,181</u>
Expenses			
Program Expenses	351,803	-	351,803
Management and general	179,648	-	179,648
Fund raising	2,419	-	2,419
	<u>533,870</u>	<u>-</u>	<u>533,870</u>
Change in Net Assets before Extraordinary Items	<u>494</u>	<u>16,817</u>	<u>17,311</u>
Extraordinary Items			
Donation of building to the City of Alexandria	<u>173,073</u>	<u>-</u>	<u>173,073</u>
	<u>173,073</u>	<u>-</u>	<u>173,073</u>
Change in Net Assets	(172,579)	16,817	(155,762)
Net Assets beginning of the year	<u>262,493</u>	<u>-</u>	<u>262,493</u>
Net Assets end of the year	<u>\$ 89,914</u>	<u>\$ 16,817</u>	<u>\$ 106,731</u>

The accompanying notes are an integral part of the financial statements.

The Boys and Girls Club of Central Louisiana, Inc.

Statement of Cash Flows

For the year ended December 31, 2003

Change in net assets	\$(155,762)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	12,144
Donation of assets	173,073
Increase in accounts receivable	(1,345)
Realized and unrealized gain on investments	(4,763)
Decrease in accounts payables and accrued expenses	<u>2,306</u>
Net cash provided by operating activities	25,653
Investing Activities	
Purchase of plant, property and equipment	<u>(7,424)</u>
Net cash used by investing activities	<u>(7,424)</u>
Net increase in cash and cash equivalents	18,229
Cash and cash equivalents - beginning of year	<u>2,538</u>
Cash and cash equivalents - end of year	<u>\$ 20,767</u>

The accompanying notes are an integral part of the financial statements.

The Boys and Girls Club of Central Louisiana, Inc.

Statement of Functional Expenses

For the year ended December 31, 2003

Expenses	Program Services	Management and General	Totals
Salaries	\$ 124,113	\$ 85,793	\$ 209,906
Employee benefits and taxes	24,050	8,016	32,066
Bank charges and miscellaneous	-	705	705
Accounting fees	-	5,720	5,720
Advertising	-	80	80
Cleaning supplies	1,191	397	1,588
Dues - National Organization	3,366	1,122	4,488
Facilities rental	116,640	38,880	155,520
Legal and Professional	-	1,802	1,802
Meals	3,422	-	3,422
Miscellaneous	734	-	734
Postage	700	233	933
Office supplies	1,303	3,908	5,211
Vehicle operating and maintenance	4,526	-	4,526
Recreational and vocational supplies	12,219	-	12,219
Telephone expenses	1,213	3,640	4,853
Utilities	11,686	3,896	15,582
Repairs and maintenance	6,363	2,121	8,484
Security	605	-	605
Travel and employee automobile	1,573	4,718	6,291
Depreciation	9,108	3,036	12,144
Training	3,521	1,174	4,695
Credit card charges	50	-	50
Insurance - buildings and equipment	24,359	8,120	32,479
Internet	646	215	861
Penalties and Interest	-	5,933	5,933
Printing services	415	139	554
Total Expenses	\$ 351,803	\$ 179,648	\$ 531,451

The accompanying notes are an integral part of the financial statements.

The Boys and Girls Club of Central Louisiana, Inc.
Notes to the Financial Statements
December 31, 2003

Note 1 – Summary of Significant Accounting Policies

Organization – The Boys and Girls Club of Central Louisiana, Inc. (Club) is a not-for-profit corporation chartered in 1977. The Mission of the club is “To inspire and enable all young people especially those from disadvantaged circumstances to realize their full potential as productive, responsible and caring citizens”. To fulfill their mission, the Clubs provide various activities for the children to participate in through after school and summer programs.

The Boys and Girls Club of Central Louisiana, Inc. is a member agency of the United Way of Central Louisiana.

The Club qualifies as a tax-exempt organization (an “other than private foundation”) under Section 501(c) of the Internal Revenue Code.

Basis of Accounting - The Club maintains its accounting records on the accrual basis. The Club, in conformity with generally accepted accounting principles, adopted the following Statements of the Financial Accounting Standards Board (SFAS); Statement Number 116, “Accounting for Contributions Received and Contributions Made”; Statement number 117, “Financial Statements of Not-for-Profit Organizations”; and Statement Number 124, “Accounting for Certain Investments Held by Not-for Profit Organizations”.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor.

Financial statement presentation - The Club reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Club is required to present a statement of cash flows.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. The cost basis of marketable securities is reflected in Note 2. There are no known material unrecorded permanent market value declines in marketable securities.

Public Support and Revenue - Membership dues and general contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor

Grants and other contributions of cash or other assets are reported as temporarily restricted support if they are received with stipulations that limit the use of the grant or donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

There were no permanently restricted contributions during 2003.

The Boys and Girls Club of Central Louisiana, Inc.
Notes to the Financial Statements
December 31, 2003

Note 1 – Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents - The Club considers cash in checking accounts, certificates of deposit and money market funds as cash and cash equivalents.

Property, Equipment and Depreciation - Purchased property and equipment is recorded at acquisition cost; donated property and equipment is recorded at its fair value as of the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Repairs, maintenance and minor replacements are charged to operations as incurred. Major replacements and improvements are capitalized at cost.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Investments

Investments consist of equity mutual funds which are presented in the financial statements at fair value. The cost basis of the investments at December 31, 2003 was \$29,249.

The Board of Directors earmarked the proceeds from the sale of donated land as being endowed. However, this is only a Board restriction. During the year 2003 the Club liquidated some of the investments in order to pay investment fees.

Further liquidation of the investments occurred in 2004 and the fair market value was \$11,140 as of May 28, 2004.

The Club also owns a tract of unimproved real estate that is being held for investment. The land had a value of \$15,000 when donated to the Club, which is its approximate current value.

The Boys and Girls Club of Central Louisiana, Inc.
Notes to the Financial Statements
December 31, 2003

Note 3 – Plant, Property, Equipment and Depreciation

The following schedule summarizes estimated useful life, cost and accumulated depreciation as of December 31, 2003:

<u>Description</u>	<u>Life</u>	
Buildings and Improvements	5 – 35 years	91,756
Office furniture and equipment	3 – 5 years	31,720
Other equipment and vehicles	5 years	51,668
Recreational equipment	5 – 7 years	21,814
Vocational equipment	5 – 7 years	<u>67,503</u>
		264,461
Less: Accumulated depreciation		<u>(195,428)</u>
Net, plant property and equipment		<u>\$69,033</u>

Depreciation expense for the year was \$12,144.

Note 4 – Extraordinary Items

The Boys and Girls Club donated the Alexandria Club building to the City of Alexandria on January 10, 2003 in exchange for a thirty-three year lease, with lease payments of \$1 per year for the first two years and \$1,000 per year thereafter. The club will maintain all improvements in and on the premises excluding the roof, foundations, exterior, except painting, and all supporting structural members, excluding doors.

Note 5 – Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Club and raise funds for its operations. No amounts have been recognized in the statement of activities because the criteria of recognition under SFAS No. 116 have not been satisfied.

The value of donated fund raising items is not recorded as contributions because there is no fair basis for valuing them.

During 2003 the Club received free use of facilities for its North Alexandria site, the fair value of those facilities was estimated to be \$11,520 and is recognized as both a revenue and expense in the financial statements.

In January 2003 the Club donated the Alexandria Club building to the City of Alexandria in exchange for a three year lease with lease payments of \$1 per year for the first two years and \$1,000 per year thereafter. The fair value of those facilities was estimated to be \$144,000 and is recognized as both a revenue and expense in the financial statements.

The Boys and Girls Club of Central Louisiana, Inc.
Notes to the Financial Statements
December 31, 2003

Note 6 – Retirement Plan

The Boys and Girls Club of Central Louisiana, Inc., is a participant in the Merrill Lynch Section 403(b)(7) Plan, a matching contribution plan. All employees twenty-one years of age or older are eligible for participation in the plan except those that normally work less than 20 hours per week. The employer shall make matching contributions for each employee equal to 100% of the first 5% of the employee's compensation that is contributed as a Salary-Reduction Contribution. Employer expense for the year 2003 was \$2,800.

In previous years the Club participated in the Boys Club of America Pension Trust Fund, a defined contribution plan.

Note 7 – Grants

At December 31, 2003 the Club had three active grants; one with the Louisiana Alliance of the Boys and Girls Club and the other two with the Louisiana Commission on Law Enforcement. All of the grants were reimbursement grants. As of December 31, 2003 the Club had incurred expenses under the grants totaling \$9,595 which was reimbursed in 2004. These amounts are shown as accounts receivable in the Statement of Financial Position.

Note 8 – Compensated Absences

The Club provides compensated time off for all full time employees after six months of employment with the Club. The amount of compensated absences as of December 31, 2003 could not be reasonably estimated. However, management is of the opinion that the amount is not material to the financial statements.

Note 9 – Concentration of Credit Risk

Financial instruments that potentially subject the Club to credit risk include investments in mutual funds. Future changes in economic conditions may make the investments less valuable.

The Boys and Girls Club receives a substantial portion of its support from the United Way of Central Louisiana. During 2003, support received through the United Way was \$145,607. The continuation of this support is dependent on the United Way having a successful campaign and the United Way's continued support of the Club. Unfavorable changes in the economic conditions of Central Louisiana could reduce the funds available for United Way member agencies.

The Boys and Girls Club of Central Louisiana, Inc.

Notes to the Financial Statements

December 31, 2003

Note 10 – Contingencies

The Teen Supreme Keystone Grant provided \$5,000 to charter a new Keystone Club at the Pineville Branch unit in 2003 which had not been completed as of December 31, 2003.

The Reviving Baseball In Inner Cities (RBI) grant provided \$5,000 for equipment to field four teams in one or more RBI age divisions. The Club only used \$2,616 of the grant to purchase equipment, but did not comply with the provisions of establishing a league.

As of December 31, 2003, the Club has one pending lawsuit; however, the Club does not anticipate any loss arising from the suit.

Note 11 – Temporarily Restricted Net Assets

During 2003 the Club received three temporarily restricted grants: an equipment grant from Office of Commissioner of Major League Baseball and the Boys and Girls Club of America (RBI Grant) in the amount of \$5,000; a TEENSupreme Keystone charter grant funded by the Taco Bell Foundation for \$5,000; and a capital improvement grant from the United Way for \$16,857.

As of December 31, 2003, the club had \$16,817 in temporarily restricted net assets, \$5,000 for chartering a Keystone club at the Pineville branch and \$2,384 for forming a four team baseball league in one or more age divisions (RBI Grant). See Note 9 - Contingencies.

The Club also has \$9,433 from the United Way restricted for capital improvements.

Supplementary Information

The Boys and Girls Club of Central Louisiana, Inc.
 Schedule of Reimbursable Grant Expenses
 For the year ended December 31, 2003

City of Alexandria

Reimbursement for North Alexandria Facility

Salaries	\$ 12,443
Payroll taxes	971
Van mileage	341
General insurance	1,056
Workmen's compensation insurance	178

Total

\$ 14,989

Louisiana Commission on Law Enforcement

Juvenile Justice and Delinquency Prevention

Salaries	\$ 16,502
Payroll taxes and benefits	1,705
Equipment and supplies	250
Other Direct Costs	3,515
Travel	209

Total

\$ 22,181

Louisiana Commission on Law Enforcement

Mentoring Program

Salaries	\$ 11,510
Payroll taxes and benefits	888
Equipment and supplies	132
Travel	150
Other direct costs	850

Total

\$ 13,530

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Coan I. Knight, Jr., CPA

K. Martin Masden, CPA

John E. Theriot II, CPA

June 23, 2004

Associate:

Fredericka A. James, CPA

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

To the Board of Directors
The Boys and Girls Club of Central Louisiana, Inc.
Alexandria, Louisiana

We have audited the financial statements of The Boys and Girls Club of Central Louisiana, Inc., (a nonprofit organization) as of and for the year ended December 31, 2003, and have issued our report thereon dated June 23, 2004. We conducted our 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 financial statements of The Boys and Girls Club of Central Louisiana, Inc., are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance that is required to be reported under Government Auditing Standards:

1. **Grant Compliance** - There are two instances where the club did not comply with grant requirements.

The Teen Supreme Keystone grant of \$5,000 was to charter a new Keystone club at the Pineville branch in 2003. The Keystone Club at the Pineville branch was not established in 2003.

The Reviving Baseball In Inner Cities (RBI) grant of \$5,000 was to purchase equipment for forming of a baseball league within the club. Only part of the grant was used to purchase equipment and the league within the Club was never established.

Management response: We have verbal authorization from Boys and Girls Clubs of America that we will comply with the Teen Supreme grant by chartering a Keystone Club in 2004. As far as the RBI grant, in 2004 we will do all possible to fulfill the requirements set forth in the grant.

Internal Control over Financial Reporting

In planning and performing our audit, we considered The Boys and Girls Club of Central Louisiana, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect The Boys and Girls Club of Central Louisiana, Inc.'s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described as follows:

1. **Documentation over program service fees** - Proper documentation in any form for program service fees collected were not retained by management. Consequently, there is no support for program service fees collected.

Management response: We have implemented the process of invoicing for program service fees.

2. **Board of Directors Minutes** - The Club did not maintain minutes for all Board of Directors meetings.

Management response: We have improved in documenting minutes of our board of directors meetings. However, the recording secretary was absent at two minutes and the substitute did not submit the completed minutes.

3. **Documentation over fundraiser revenues and expenses** - Proper documentation for fundraising revenues collected or expenses incurred was not maintained by management. Consequently, there is no support for fundraiser revenues and expenses.

Management response: We will begin maintaining documentation of fundraising revenues and expenses.

4. **Employee files** - Employee personnel files documenting rate of pay have not been updated. Employees pay rates can not be verified for accuracy.

Management response: We will begin to update employee files with rates of pay for employees.

5. **Documentation over grant files** - Proper documentation of grants received, their requirements, and accompanying expenditures were not kept on file for all grants. The Club had to obtain copies of grants from the grantor on some of the grants.

Management response: We will begin to file all grants received with their appropriate documentation and retain all copies of items pertaining to grant expenditures.

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 reporting 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, we believe that none of the reportable conditions described above are a material weakness.

This report is intended solely for the information and use of the finance committee, management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.


KNIGHT ◊ MASDEN

**The Boys and Girls Club of Central Louisiana, Inc.
Summary of Prior Year Findings**

Instances of internal control over financial reporting:

1. The Club did not maintain proper documentation in the form of point of sales receipts for credit card purchases.

Management has instructed the personnel on the importance of documenting credit card expenditures.

2. The Club did not maintain minutes for all Board of Directors meetings.

The Club will have a training session and set up policy and procedures for all personnel so they will be aware of their duties and responsibilities on retaining copies of board meeting minutes.