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THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF GREATER NEW ORLEANS

FINANCIAL STATEMENTS

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



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YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER NEW ORLEANS

FINANCIAL STATEMENTS

DECEMBER 31, 2003

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Young Men's Christian Association of Greater New Orleans
New Orleans, Louisiana

We have audited the statements of financial position of The Young Men's Christian Association of Greater New Orleans (a nonprofit organization) (the Association) as of December 31, 2003 and 2002, and the related statements of activities and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 audits provide 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 Association as of December 31, 2003 and 2002, and the changes in its net assets and cash flows for the years 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 2, 2004 on our consideration of Association's 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 audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The Schedule of United Way Funded Activities included in the supplemental information section of this report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Postlethwaite + Netterville

Metairie, Louisiana

June 2, 2004

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF GREATER NEW ORLEANS

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2003 AND 2002

ASSETS

	<u>2003</u>	<u>2002</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 30,011	\$ 123,701
Promises to give, net	96,224	99,984
Accounts receivable	121,692	91,716
Grants receivable	80,962	129,205
Prepaid expenses	92,298	90,378
Total current assets	<u>421,187</u>	<u>534,984</u>
<u>NONCURRENT ASSETS</u>		
Restricted cash and cash equivalents	193,223	36,137
Property and equipment:		
Land	972,618	1,142,923
Buildings	3,398,555	5,194,033
Furniture and equipment	1,139,234	1,894,475
Automobiles	56,264	56,264
Leasehold improvements	227,061	658,750
Less accumulated depreciation	(1,615,695)	(3,797,265)
Total property and equipment, net	<u>4,178,037</u>	<u>5,149,180</u>
<u>TOTAL ASSETS</u>	<u>\$ 4,792,447</u>	<u>\$ 5,720,301</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 569,246	\$ 755,320
Other current liabilities	15,158	277,430
Deferred revenue	21,430	29,077
Current portion of capital lease obligations	17,024	57,798
Current portion of long-term debt	25,889	76,343
Total current liabilities	<u>648,747</u>	<u>1,195,968</u>
<u>NONCURRENT LIABILITIES</u>		
Other payables - National dues	148,730	603,353
Capital lease obligations, net of current portion	-	31,166
Long-term debt, net of current portion	566,158	1,427,928
Total current liabilities	<u>714,888</u>	<u>2,062,447</u>
<u>TOTAL LIABILITIES</u>	<u>1,363,635</u>	<u>3,258,415</u>
<u>NET ASSETS</u>		
Unrestricted:		
Undesignated	3,119,106	2,314,012
Designated	192,715	19,020
Total unrestricted	<u>3,311,821</u>	<u>2,333,032</u>
Temporarily restricted	88,121	99,984
Permanently restricted	28,870	28,870
<u>TOTAL NET ASSETS</u>	<u>3,428,812</u>	<u>2,461,886</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 4,792,447</u>	<u>\$ 5,720,301</u>

The accompanying notes are an integral part of these statements.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF GREATER NEW ORLEANS**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2003 AND 2002**

	2003			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<u>PUBLIC SUPPORT AND REVENUE</u>				
Public support:				
Contributions	\$ 228,722	\$ -	\$ -	\$ 228,722
Allocations from United Way	-	208,099	-	208,099
Total public support	<u>228,722</u>	<u>208,099</u>	<u>-</u>	<u>436,821</u>
Revenue:				
Membership dues	828,737	-	-	828,737
Program fees	1,186,025	-	-	1,186,025
Special events, net	51,059	-	-	51,059
Sales of supplies and services	35,007	-	-	35,007
Gain on sale of property and equipment	884,117	-	-	884,117
Investment income	619	-	-	619
Grants	1,115,759	-	-	1,115,759
Miscellaneous	457,072	-	-	457,072
Total revenue	<u>4,558,395</u>	<u>-</u>	<u>-</u>	<u>4,558,395</u>
Total public support and revenue before net assets released from restrictions	4,787,117	208,099	-	4,995,216
Net assets released from restrictions	219,962	(219,962)	-	-
Total public support and revenue	<u>5,007,079</u>	<u>(11,863)</u>	<u>-</u>	<u>4,995,216</u>
<u>EXPENSES</u>				
Program services:				
Physical	456,816	-	-	456,816
Program	2,074,398	-	-	2,074,398
Occupancy	640,534	-	-	640,534
Support services:				
Administration	856,542	-	-	856,542
Total expenses	<u>4,028,290</u>	<u>-</u>	<u>-</u>	<u>4,028,290</u>
<u>CHANGE IN NET ASSETS</u>	978,789	(11,863)	-	966,926
<u>NET ASSETS:</u>				
<u>BEGINNING OF THE YEAR</u>	<u>2,333,032</u>	<u>99,984</u>	<u>28,870</u>	<u>2,461,886</u>
<u>END OF THE YEAR</u>	<u>\$ 3,311,821</u>	<u>\$ 88,121</u>	<u>\$ 28,870</u>	<u>\$ 3,428,812</u>

Continued

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF GREATER NEW ORLEANS**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS, CONTINUED
YEARS ENDED DECEMBER 31, 2003 AND 2002**

	2002			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<u>PUBLIC SUPPORT AND REVENUE</u>				
Public support:				
Contributions	\$ 139,143	\$ -	\$ -	\$ 139,143
Allocations from United Way	-	223,757	-	223,757
Total public support	<u>139,143</u>	<u>223,757</u>	<u>-</u>	<u>362,900</u>
Revenue:				
Membership dues	1,288,334	-	-	1,288,334
Program fees	1,094,952	-	-	1,094,952
Special events, net	33,548	-	-	33,548
Sales of supplies and services	78,313	-	-	78,313
Investment income	2,073	-	-	2,073
Grants	1,015,301	-	-	1,015,301
Insurance proceeds, net	117,750	-	-	117,750
Miscellaneous	42,694	-	-	42,694
Total revenue	<u>3,672,965</u>	<u>-</u>	<u>-</u>	<u>3,672,965</u>
Total public support and revenue before net assets released from restrictions	3,812,108	223,757	-	4,035,865
Net assets released from restrictions	229,896	(229,896)	-	-
Total public support and revenue	<u>4,042,004</u>	<u>(6,139)</u>	<u>-</u>	<u>4,035,865</u>
<u>EXPENSES</u>				
Program services:				
Physical	553,915	-	-	553,915
Program	1,990,412	-	-	1,990,412
Occupancy	742,578	-	-	742,578
Support services:				
Administration	1,037,687	-	-	1,037,687
Total expenses	<u>4,324,592</u>	<u>-</u>	<u>-</u>	<u>4,324,592</u>
<u>CHANGE IN NET ASSETS</u>	(282,588)	(6,139)	-	(288,727)
<u>NET ASSETS:</u>				
<u>BEGINNING OF THE YEAR, RESTATED</u>	<u>2,615,620</u>	<u>106,123</u>	<u>28,870</u>	<u>2,750,613</u>
<u>END OF THE YEAR</u>	<u>\$ 2,333,032</u>	<u>\$ 99,984</u>	<u>\$ 28,870</u>	<u>\$ 2,461,886</u>

The accompanying notes are an integral part of these statements.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF GREATER NEW ORLEANS

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2003 AND 2002

	2003			Programmatic Services			Total	Support Services		Total Expenses
	Physical	Program Services	Occupancy	Administration	Support Services					
Salaries and wages	\$ 321,418	\$ 1,454,178	\$ 8,928	\$ 1,784,524	\$ 410,166	\$ 2,194,690				
Employee benefits	16,833	111,533	-	128,366	50,313	178,679				
Payroll taxes	34,053	145,276	1,216	180,545	45,777	226,322				
Purchased contract services	1,645	32,966	36,118	70,729	72,578	143,307				
Supplies	15,448	138,828	15,465	169,741	17,709	187,450				
Telephone	214	11,201	13,747	25,162	11,998	37,160				
Postage and shipping	6,359	2,782	-	9,141	5,006	14,147				
Occupancy	5,430	84,018	288,098	377,546	109,451	486,997				
Equipment	5,539	2,668	560	8,767	37,199	45,966				
Printing, publicity and promotion	13,635	5,376	41	19,052	2,829	21,881				
Travel and employee	1,820	23,814	9,057	34,691	8,473	43,164				
Meeting and training	461	23,081	-	23,542	8,708	32,250				
Membership dues	8,459	14,556	25	23,040	30,118	53,158				
Finance costs	15,310	(1)	-	15,309	13,244	28,553				
Insurance	-	23,894	35,344	59,238	29,491	88,729				
Miscellaneous	10,192	228	-	10,420	3,482	13,902				
Depreciation	-	-	231,935	231,935	-	231,935				
	\$ 456,816	\$ 2,074,398	\$ 640,534	\$ 3,171,748	\$ 856,542	\$ 4,028,290				

Continued

The accompanying notes are an integral part of these statements.

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF GREATER NEW ORLEANS**

**STATEMENTS OF FUNCTIONAL EXPENSES, CONTINUED
YEARS ENDED DECEMBER 31, 2003 AND 2002**

	2002			Programmatic Services			Support Services Administration	Total Expenses
	Physical	Program Services	Occupancy	Total	Administration	Total		
Salaries and wages	\$ 438,002	\$ 1,405,410	\$ 71,836	\$ 1,915,248	\$ 497,696	\$ 2,412,944		
Employee benefits	8,065	88,807	4,480	101,352	44,049	145,401		
Payroll taxes	44,424	138,839	7,189	190,452	57,977	248,429		
Purchased contract services	15,264	14,764	32,392	62,420	46,448	108,868		
Supplies	12,145	116,876	15,646	144,667	33,283	177,950		
Telephone	(156)	7,073	17,117	24,034	29,909	53,943		
Postage and shipping	361	1,254	-	1,615	5,327	6,942		
Occupancy	2	93,947	241,555	335,504	210,410	545,914		
Equipment	1,065	3,234	1,866	6,165	31,671	37,836		
Printing, publicity and promotion	(248)	4,772	-	4,524	12,694	17,218		
Travel and employee	587	52,153	6,338	59,078	21,703	80,781		
Meeting and training	244	15,504	-	15,748	4,390	20,138		
Membership dues	22,327	22,811	790	45,928	9,747	55,675		
Finance costs	12,571	-	1,126	13,697	8,408	22,105		
Insurance	-	16,969	72,785	89,754	57,998	147,752		
Miscellaneous	(738)	7,999	-	7,261	(34,023)	(26,762)		
Depreciation	-	-	269,458	269,458	-	269,458		
	<u>\$ 553,915</u>	<u>\$ 1,990,412</u>	<u>\$ 742,578</u>	<u>\$ 3,286,905</u>	<u>\$ 1,037,687</u>	<u>\$ 4,324,592</u>		

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF GREATER NEW ORLEANS

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2003 AND 2002

	2003	2002
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 966,926	\$ (288,727)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	231,935	269,458
Gain on sale of property and equipment, noncash	(884,117)	-
(Increase) decrease in operating assets:		
Accounts and other receivables	22,027	(24,437)
Prepaid expenses	(1,920)	60,292
Increase in operating liabilities:		
Accounts payable	(186,074)	104,494
Other current liabilities	(269,919)	35,241
Net cash (used in) provided by operating activities	(121,142)	156,321
<u>INVESTING ACTIVITIES</u>		
Purchases of equipment	(46,675)	(40,890)
Proceeds from sale of property	1,670,000	-
Net cash provided by (used in) investing activities	1,623,325	(40,890)
<u>FINANCING ACTIVITIES</u>		
Repayment of debt and capital leases, net	(1,438,787)	(126,989)
Net cash used in financing activities	(1,438,787)	(126,989)
Net increase (decrease) in cash	63,396	(11,558)
Cash and cash equivalents, beginning of year	159,838	171,396
Cash and cash equivalents, end of year	\$ 223,234	\$ 159,838
<u>RECONCILIATION TO THE STATEMENT OF FINANCIAL POSITION:</u>		
Cash and cash equivalents, unrestricted	\$ 30,011	\$ 123,701
Cash and cash equivalents, restricted	193,223	36,137
Total cash and cash equivalents	\$ 223,234	\$ 159,838

The accompanying notes are an integral part of these statements.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER NEW ORLEANS
METAIRIE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

The Young Men's Christian Association of Greater New Orleans (the Association) is a not-for-profit organization established in 1852 to provide education and leadership development and to promote healthy lifestyles which strengthen family relationships in the southern Louisiana area. The Association is a family of volunteers, members and staff helping the people of the community achieve their God-given potential through development of spirit, mind and body.

The Association operates seven facilities which are located in Orleans, Jefferson and St. Tammany Parishes. In addition to the various services offered through the Association's fitness centers, the Association's programs and services include, among others:

- Adult literacy programs
- Child care
- Day camp and teen leadership programs
- Family relationship programs
- Neighborhood service programs
- Vocational training

Basis of Accounting and Presentation

The financial statements of the Association are presented on the accrual basis of accounting. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Association and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association and/or the passage of time.
- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of the Association pursuant to those stipulations.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER NEW ORLEANS
METAIRIE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restriction.

Gifts of long-lived operating assets such as land, buildings or equipment are reported as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Contributions of donated noncash assets (such as materials and equipment) are recorded at their fair or estimated values in the period received.

Property and Equipment

Property and equipment consists of buildings, office furniture and equipment and leasehold improvements, and is stated at cost or, if contributed, at fair market value at date of donation. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the related assets. The Association has established a policy capitalizing all expenditures for property and equipment in excess of \$500. Buildings are depreciated over 40 to 50 years; the useful lives for other depreciable items range from 3 to 10 years.

Allocation of Functional Expenses

Expenses are summarized on a functional basis. Salaries and related payroll expenses are distributed based upon the time spent for each function. Distribution of all other shared expenses is based upon management's estimates of the usage applicable to conducting various program or support activities.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER NEW ORLEANS
METAIRIE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Income Taxes

The Association is exempt from Federal income taxes under Section 501(a)(3) of the Internal Revenue Code and from State income taxes under Section 121 (5) of Title 47 of the Louisiana Revised Statutes of 1950.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents represent demand deposits and highly liquid investments with an initial maturity of three months or less.

Use of Estimates

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

2. Capital Leases

The Association has capital lease agreements for equipment. The cost of the equipment, which is included in property and equipment, leased under capital leases is \$108,594 and accumulated depreciation on this equipment is \$54,296, resulting in a net book value of \$54,298 as of December 31, 2003.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at December 31, 2003:

Fiscal year ending as December 31:	
2004	\$ 17,438
Total minimum lease payments	<u>17,438</u>
Less amount representing interest	414
Present value of future minimum lease payments	<u>17,024</u>
Less current portion	<u>17,024</u>
Noncurrent portion of leases payable	\$ <u>-</u>

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER NEW ORLEANS
METAIRIE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Notes Payable

The Association had notes payable which consisted of the following as of December 31, 2003:

Note payable to a bank with interest at 6.25%, payable in 35 regular payments of \$5,230, a final payment of \$531,572 due in May 2006, collateralized by a mortgage relating to real property.	\$ 592,047
Less current portion	25,889
Long-term portion	<u>\$ 566,158</u>

Future principal payments are as follows:

2004	\$	25,889
2005	\$	27,686
2006	\$	538,502

4. Restricted Net Assets

Temporarily restricted net assets of \$88,121 and \$99,984, as of December 31, 2003 and 2002, respectively, are restricted due to time. Permanently restricted net assets of \$28,870 of December 31, 2003 and 2002 relate to an operating endowment.

5. Employee Benefits

In August 2003, the Association began participating in a defined contribution, individual account, money purchase retirement plan which is administered by the YMCA Retirement Fund (a separate corporation).

6. National YMCA Organization

The Association is a member of the National YMCA Organization and is responsible for paying monthly support to the National YMCA (National) in the form of dues. The Association has negotiated to reduce the payable of \$594,921 by seventy-five percent, or \$446,191, which is included in miscellaneous income; reducing the payable to \$148,730 to be paid out in monthly installments of \$2,479 beginning January 1, 2005.

YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER NEW ORLEANS
METAIRIE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

7. **Grants**

The Association participates in a number of state and federally-assisted grant programs. The programs are subject to compliance audits. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. The Association's management believes that the amount of disallowances, if any, which may arise from future audits, will not be material to the financial statements.

SUPPLEMENTAL INFORMATION

**THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF GREATER NEW ORLEANS**
SCHEDULE OF UNITED WAY ACTIVITIES (UNAUDITED)
YEAR ENDED DECEMBER 31, 2003

FUNCTIONAL BUDGET SPREADSHEET 2002-2003			PROGRAM SERVICES				
			Home for Holidays	YMCA Educ. Services (YBS)	Personal Development	Childcare	Youth Development
REVENUE:							
1	4200	BOARD GENERATED SELF SUPPORT	\$	\$ 34,553	\$ 22,268	\$ 22,687	\$ 76,760
2	4201	CLIENT GENERATED SELF SUPPORT		2,713	1,028,842	684,157	339,794
3	5000	GOVERNMENT GRANTS/CONTRACTS		753,309	0	368,376	47,198
4	6700	OTHER REVENUE		1,519	128,430		2,878
5	TOTAL SELF GENERATED REVENUE		0	792,094	1,179,540	1,075,220	666,630
6	4702	UNITED WAY DESIGNATIONS	0	0			14,436
7	4703	CPC DESIGNATIONS	0				1,594
8	4704	OTHER UNITED WAY ALLOCATIONS		23,000			
9	TOTAL REVENUE		0	815,094	1,179,540	1,075,220	682,660
10	4701	UNITED WAY ALLOCATION - GNO	5,337	120,200		9,739	48,369
11	GRAND TOTAL REVENUE		\$ 5,337	\$ 935,294	\$ 1,179,540	\$ 1,084,959	\$ 731,029
EXPENSES:							
12	7300	COMPENSATION EXPENSES	\$ 528	\$ 749,693	\$ 459,977	\$ 837,118	\$ 485,209
13	8400	OCCUPANCY EXPENSES		39,328	284,945	38,082	272,766
14	8700	TRAVEL & TRANSPORTATION EXP.		20,710	9,218	14,539	29,837
15	8900	SPECIFIC ASSISTANCE				0	
16	9402	BOARD GENERATED SELF SUPPORT		0		0	
17	9400	OTHER DIRECT PROGRAM/SUPPORT	2,966	52,125	231,188	101,206	59,866
18	GRAND TOTAL EXPENSES		\$ 3,494	\$ 861,856	\$ 985,328	\$ 990,945	\$ 847,678
19	NET DIFFERENCE		\$ 1,843	\$ 73,438	\$ 194,212	\$ 94,014	\$ (116,649)
20	9500	DEPRECIATION	\$	\$ 8,465	\$ 254,683	\$ 5,288	\$

See accompanying independent auditors' report.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION
OF GREATER NEW ORLEANS

SINGLE AUDIT REPORTS

DECEMBER 31, 2003



Postlethwaite & Netterville

A Professional Accounting Corporation

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YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER NEW ORLEANS

Single Audit Reports

December 31, 2003

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**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 Young Men's Christian Association of Greater New Orleans:

We have audited the financial statements of The Young Men's Christian Association of Greater New Orleans (the Association) as of and for the year ended December 31, 2003, and have issued our report thereon dated June 2, 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 Association's financial statements 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Association, the Association's management, the State of Louisiana, the Legislative Auditor's Office, federal awarding agencies and pass-through entities, and 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.

Postlethwaite & Nefferville

Metairie, Louisiana
June 2, 2004





Postlethwaite & Netterville

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Directors
The Young Men's Christian Association of Greater New Orleans:

Compliance

We have audited the compliance of The Young Men's Christian Association of Greater New Orleans (the Association) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2003. The Association's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Association's management. Our responsibility is to express an opinion on the Association's compliance based on our audit.

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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Association'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. Our audit does not provide a legal determination on the Association's compliance with those requirements.

As described in items 2003.1 and 2003.2 in the accompanying schedule of findings and questioned costs, the Association did not comply with the requirements regarding allowable costs regarding salaries and related expenses that are applicable to its major programs: Department of Health and Human Services – Passed through the State of Louisiana – Department of Social Services – Community Response Initiative 93.558 and Department of Education – Passed through the State of Louisiana – Department of Education – Adult Basic Education 84.002A. Compliance with such requirements is necessary, in our opinion, for the Association to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Association complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2003.

Internal Control Over Compliance

The management of the Association is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Association's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance 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 compliance that, in our judgment, could adversely affect the Association's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as 2003.1 and 2003.2.

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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program 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 compliance would not necessarily disclose all matters 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 is a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Association as of and for the year ended December 31, 2003, and have issued our report thereon dated June 2, 2004. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information of the Association, the Association's management, the State of Louisiana, the Legislative Auditor's Office, federal awarding agencies and pass-through entities, and 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.

Postlethwaite & Netterville

Metairie, Louisiana
June 2, 2004



THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER NEW ORLEANS

Schedule of Expenditures of Federal Awards

For the year ended December 31, 2003

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
Department of Housing and Urban Development - Community Development and Block Grant - Passed through the City of New Orleans	14.218	02-DHND-127	\$ 18,489
Department of Health and Human Services - Passed through the Louisiana Department of Social Services - Community Response Initiative	93.558	589345	204,785
Department of Education - Passed through the State of Louisiana - Department of Social Services - AmeriCorps	84.006	00ASCLA-191701	109,334
Department of Education - Passed through the State of Louisiana - Department of Education - Adult Basic Education	84.002A	V002A010018	137,875
Department of Education - Passed through the State of Louisiana - Department of Social Services, Office of Family Support - Find Work	93.558	584304	85,983
Department of Labor - Passed through City of New Orleans	17.253		43,255
Department of Education - Passed through the State of Louisiana - Department of Education - Adult Basic Education (Civics)	84.002		<u>19,329</u>
Total Federal Awards Expended			<u>\$ 619,050</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER NEW ORLEANS

Notes to Schedule of Expenditures of Federal Awards

December 31, 2003

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of the federal awards of The Young Men's Christian Association of Greater New Orleans (Association). Association's reporting entity is defined in note 1 to the financial statements for the year ended December 31, 2003. All federal awards received from federal agencies are included on the schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 1 to the Association's financial statements for the year ended December 31, 2003.

(3) Relationship to Financial Statements

Federal awards are included in statement of activities, in revenues – grants.

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER NEW ORLEANS

Schedule of Findings and Questioned Costs

Year ended December 31, 2003

(1) Summary of Auditors' Results

- (a) The type of report issued on the basic financial statements: unqualified opinion
- (b) Reportable conditions in internal control were disclosed by the audit of the financial statements: none reported; Material weaknesses: no
- (c) Noncompliance which is material to the financial statements: no
- (d) Reportable conditions in internal control over major programs: yes; Material weaknesses: no
- (e) The type of report issued on compliance for major programs: qualified opinion
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: no
- (g) Major program:

Department of Health and Human Services – Passed through the State of Louisiana – Department of Social Services – Community Response Initiative 93.558

Department of Education – Passed through the State of Louisiana – Department of Education – Adult Basic Education 84.002A

- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
 - (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: no
- (2) Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards*: None
- (3) Findings and Questioned Costs relating to Federal Awards: Yes

2003.1

Federal program and specific federal award identification:

CFDA Title: Community Response Initiative

CFDA Number: 93.558

Federal award number: None

Criteria: In accordance with OMB Circular A-122, Cost Principles for Non-Profit Organizations, Attachment B, section 7, *Compensation*, support for salaries and wages must be as follows.

- “Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports, as prescribed in subparagraph (2), except when a substitute system has been approved in writing by the cognizant agency.
- (2) Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards. In addition, in order to support the allocation of indirect costs, such reports must also be maintained for other employees whose work involves two or more functions or activities if a distribution of their compensation between such functions or activities is needed in the determination of the organization's indirect cost rate(s) (e.g., an employee engaged part-time in indirect cost activities and part-time in a direct function). Reports maintained by non-profit organizations to satisfy these requirements must meet the following standards:
 - The reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.
 - Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.
 - The reports must be signed by the individual employee, or by a responsible supervisory official having first hand knowledge of the activities performed by the employee, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.
 - The reports must be prepared at least monthly and must coincide with one or more pay periods.”

Condition: The Association does not have any activity reports supporting salary charges to the grant.

Questioned Costs: Questioned costs if any cannot be determined; the Association charged in payroll related costs.

Context: A total of \$ 145,115 in salaries was charged to the grant.

Effect: Costs charged to federal funds may not be accurate.

Cause: The Association needs to comply with OMB Circular A-122.

Recommendation: We recommend that the Association document salary costs in accordance with the standards.

Management's response: We concur with the above and will take corrective actions on future grants. Contact Person: Louis Johnson, (504) 566-7323

2003.2

Federal program and specific federal award identification:

CFDA Title: Adult Basic Education

CFDA Number: 84.002A

Federal award number: None

Criteria: In accordance with OMB Circular A-122, Cost Principles for Non-Profit Organizations, Attachment B, section 7, *Compensation*, support for salaries and wages must be as follows.

- “Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports, as prescribed in subparagraph (2), except when a substitute system has been approved in writing by the cognizant agency.
- (2) Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards. In addition, in order to support the allocation of indirect costs, such reports must also be maintained for other employees whose work involves two or more functions or activities if a distribution of their compensation between such functions or activities is needed in the determination of the organization’s indirect cost rate(s) (e.g., an employee engaged part-time in indirect cost activities and part-time in a direct function). Reports maintained by non-profit organizations to satisfy these requirements must meet the following standards:
 - The reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.
 - Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.
 - The reports must be signed by the individual employee, or by a responsible supervisory official having first hand knowledge of the activities performed by the employee, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.
 - The reports must be prepared at least monthly and must coincide with one or more pay periods.”

Condition: The Association does not have any activity reports supporting salary charges to the grant.

Questioned Costs: Questioned costs if any cannot be determined; the Association charged in payroll related costs.

Context: A total of \$87,972 in salaries was charged to the grant.

Effect: Costs charged to federal funds may not be accurate.

Cause: The Association needs to comply with OMB Circular A-122.

Recommendation: We recommend that the Association document salary costs in accordance with the standards.

Management’s response: We concur with the above and will take corrective actions on future grants. Contact Person: Louis Johnson, (504) 566-7323

THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER NEW ORLEANS

Schedule of Prior Year Audit Findings

2002.1

Federal program and specific federal award identification:

CFDA Title: AmeriCorps

CFDA Number: 84.006

Federal award number: None

Criteria: In accordance with OMB Circular A-122, Cost Principles for Non-Profit Organizations, Attachment B, section 7, *Compensation*, support for salaries and wages must be as follows.

- "Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports, as prescribed in subparagraph (2), except when a substitute system has been approved in writing by the cognizant agency.
- (2) Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards. In addition, in order to support the allocation of indirect costs, such reports must also be maintained for other employees whose work involves two or more functions or activities if a distribution of their compensation between such functions or activities is needed in the determination of the organization's indirect cost rate(s) (e.g., an employee engaged part-time in indirect cost activities and part-time in a direct function). Reports maintained by non-profit organizations to satisfy these requirements must meet the following standards:
 - The reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.
 - Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.
 - The reports must be signed by the individual employee, or by a responsible supervisory official having first hand knowledge of the activities performed by the employee, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.
 - The reports must be prepared at least monthly and must coincide with one or more pay periods."

Condition: The Association does not have any activity reports supporting salary charges to the grant.

Questioned Costs: Questioned costs if any cannot be determined; the Association charged in payroll related costs.

Context: A total of \$128,851 in salaries was charged to the grant.

Effect: Costs charged to federal funds may not be accurate.

Cause: The Association needs to comply with OMB Circular A-122.

Recommendation: We recommend that the Association document salary costs in accordance with the standards.

Management's response: We concur with the above and will take corrective actions on future grants. Contact Person: Louis Johnson, (504) 566-7323

2002.2

Federal program and specific federal award identification:

CFDA Title: Adult Basic Education

CFDA Number: 84.002A

Federal award number: None

Criteria: In accordance with OMB Circular A-122, Cost Principles for Non-Profit Organizations, Attachment B, section 7, *Compensation*, support for salaries and wages must be as follows.

- "Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports, as prescribed in subparagraph (2), except when a substitute system has been approved in writing by the cognizant agency.
- (2) Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards. In addition, in order to support the allocation of indirect costs, such reports must also be maintained for other employees whose work involves two or more functions or activities if a distribution of their compensation between such functions or activities is needed in the determination of the organization's indirect cost rate(s) (e.g., an employee engaged part-time in indirect cost activities and part-time in a direct function). Reports maintained by non-profit organizations to satisfy these requirements must meet the following standards:
 - The reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.
 - Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.
 - The reports must be signed by the individual employee, or by a responsible supervisory official having first hand knowledge of the activities performed by the employee, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.
 - The reports must be prepared at least monthly and must coincide with one or more pay periods."

Condition: The Association does not have any activity reports supporting salary charges to the grant.

Questioned Costs: Questioned costs if any cannot be determined; the Association charged in payroll related costs.

Context: A total of \$134,025 in salaries was charged to the grant.

Effect: Costs charged to federal funds may not be accurate.

Cause: The Association needs to comply with OMB Circular A-122.

Recommendation: We recommend that the Association document salary costs in accordance with the standards.

Management's response: We concur with the above and will take corrective actions on future grants. Contact Person: Louis Johnson, (504) 566-7323