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Claiborne Boys and Girls Clubs, Inc.
Financial Statements
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 9-15-04

WILLIAM D. EDWARDS, CPA

A PROFESSIONAL CORPORATION
206 REYNOLDS DRIVE, SUITE G-2 • RUSTON, LOUISIANA 71270

Claiborne Boys and Girls Clubs, Inc.
For the year ended December 31, 2003

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EDWARDS & WADE

Certified Public Accountants
A Professional Accounting Corporation
Members: AICPA / Society of LCPA's

INDEPENDENT AUDITOR'S REPORT

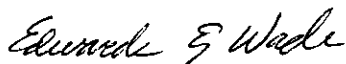
To the Board of Directors
Claiborne Boys and Girls Clubs, Inc.
Homer, Louisiana

We have audited the accompanying statement of financial position of Claiborne Boys and Girls Clubs, Inc., a nonprofit organization, as of December 31, 2003, and the related statements of activities and cash flows 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 the 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 Claiborne Boys and Girls Clubs, Inc. as of December 31, 2003, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 21, 2004, on our consideration of the Claiborne Boys and Girls Clubs, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.


Ruston, Louisiana
June 21, 2004

Claiborne Boys and Girls Club, Inc.
Statement of Financial Position
As of December 31, 2003

Assets	
Current assets:	
Cash and cash equivalents	\$9,351
Accounts receivable	15,469
Total current assets	<u>24,820</u>
Noncurrent assets:	
Furniture and equipment, net	<u>50,559</u>
Total Assets	<u>\$75,379</u>
Liabilities and Net Assets	
Current liabilities:	
Accounts payable	\$1,364
Accrued expenses	1,899
Total current liabilities	<u>3,263</u>
Net assets:	
Unrestricted	21,557
Temporarily restricted	50,559
Permanently restricted	0
Total net assets	<u>72,116</u>
Total Liabilities and Net Assets	<u>\$75,379</u>

See accompanying auditor's report and notes to the financial statements.

Claiborne Boys and Girls Club, Inc.
Statement of Activities
For the Year Ended December 31, 2003

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue, Gains, and Other Support				
Unrestricted revenues, gains, and other support	12,367			12,367
Intergovernmental revenues, gains and other support	115,459			115,459
Net assets released from restrictions	<u>4,567</u>	<u>(4,567)</u>		<u>0</u>
Total Revenue, Gains, and Other Support	<u>132,393</u>	<u>(4,567)</u>	<u>0</u>	<u>127,826</u>
Expenses and Losses				
Unrestricted expenses and losses	<u>150,550</u>			<u>150,550</u>
Total Expenses	<u>150,550</u>	<u>0</u>	<u>0</u>	<u>150,550</u>
Change in net assets	(18,157)	(4,567)	0	(22,724)
Net assets as of beginning of year	<u>40,082</u>	<u>54,758</u>	<u>0</u>	<u>94,840</u>
Net assets as of end of year	<u>21,925</u>	<u>50,191</u>	<u>0</u>	<u>72,116</u>

See accompanying auditor's report and notes to the financial statements.

Claiborne Boys and Girls Club, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2003

<u>Operating activities</u>		
Change in net assets		(\$22,724)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization		4,567
Increase in accounts receivable		(4,291)
Increase in accounts payable		442
Decrease in accrued expenses		(511)
Decrease in accrued payroll		(355)
Net cash provided by operating activities		<u>(22,872)</u>
<u>Investing activities</u>		
Purchase of equipment		<u>(368)</u>
Net cash provided by investing activities		(368)
<u>Financing activities</u>		
		<u>0</u>
Net increase (decrease) in cash and cash equivalents		(23,240)
Cash and cash equivalents as of beginning of year		<u>32,591</u>
Cash and cash equivalents as of end of year		<u>\$9,351</u>
Taxes - cash basis	\$ 0	
Interest - cash basis	\$ 0	
 SUMMARY		
Cash in bank		<u>\$9,351</u>

See accompanying auditor's report and notes to the financial statements.

Claiborne Boys and Girls Club, Inc.
 Combined Statement of Net Assets, and
 Changes in Net Assets - Budget and Actual
 For the year ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Revenue, gains, and other support	<u>175,650</u>	<u>127,826</u>	<u>(47,824)</u>
Total Revenues	175,650	127,826	(47,824)
Expenses			
Salaries	100,000	77,326	22,674
Payroll taxes and fringe benefits	13,250	7,488	5,762
Accounting and auditing	4,500	6,982	(2,482)
Dues	2,000	398	1,602
Maintenance and repairs	3,000	622	2,378
Insurance	17,300	17,523	(223)
Supplies - office	4,600	4,828	(228)
Program supplies	2,000	4,221	(2,221)
Telephone	4,200	5,097	(897)
Travel and seminars	3,500	1,198	2,302
Utilities	12,300	15,825	(3,525)
Miscellaneous	9,800	4,475	5,325
Depreciation and amortization		<u>4,567</u>	<u>(4,567)</u>
Total Expenses	<u>176,450</u>	<u>150,550</u>	<u>25,900</u>
Change in Net Assets	(800)	(22,724)	(21,924)
Net Assets, Beginning	<u>94,840</u>	<u>94,840</u>	<u>0</u>
Net Assets, Ending	<u>\$94,040</u>	<u>\$72,116</u>	<u>(\$21,924)</u>

See accompanying auditor's report and notes to the financial statements.

Claiborne Boys and Girls Clubs, Inc.
Notes to the Financial Statements
For the year ended December 31, 2003

1. Summary of Significant Accounting Policies

A. Nature of Activities

The accompanying financial statements include only the operations of the Claiborne Boys and Girls Clubs, Inc., in Homer, LA. The Organization was formed to provide assistance to boys and girls of Claiborne Parish. The main sources of revenues are gifts from the public, allocations from grants, local dues and fund-raisers.

B. Basis of Accounting

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

C. Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments, which are readily convertible into cash within ninety days of purchase.

D. Support and Revenue

Claiborne Boys and Girls Clubs, Inc. receives its support primarily from the Boys and Girls Clubs of America, and from the State of Louisiana, Department of Education. In the event revenues are restricted at the time of receipt by time or use, they are initially reported as restricted revenues and are then shown as reclassifications in the unrestricted category when the restrictions are satisfied either by passage of time or by expenditure for the specified purpose.

E. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by donor. Amounts received that are designated for future period or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

F. Property and Equipment

Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be

Claiborne Boys and Girls Club, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2003

used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the club reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Club reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method. The Club has no capitalization policy.

Fixed assets are included on the balance sheet net of accumulated depreciation. Depreciation of all exhaustible fixed assets are charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives with respect to major classes of depreciable assets as follows:

Equipment	5-10 years
Improvements	27.5 years

G. Functional Allocation of Expenses

The costs of program services, administrative services and fund-raising expenses are allocated. At the current time, most costs are allocated based on an estimated of time spent by employees as 80% program services, 15% administrative services and 5% fund-raising.

H. 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.

I. Income Taxes

As an affiliate of the National Organization, the Club is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code.

2. Cash and Cash Equivalents

At December 31, 2003, the board has cash and cash equivalents (book balances) totaling \$9,351 as follows:

Demand deposits	\$9,351	
Time deposits	0	
Total	\$9,351	

Claiborne Boys and Girls Club, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2003

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2003, the board has \$14,160 in deposits (collected bank balances). These deposits are secured from risk by \$14,160 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

3. Grants and Grants Receivable

The grants receivable at December 31, 2003 are as follows:

Governor's Safe & Drug-free Schools - Homer	\$6,557
Governor's Safe & Drug-free Schools - Haynesville	3,061
TANF	1,591
Smart Choices - B&GC of Acadiana	1,507
Other miscellaneous	<u>2,753</u>
Total	<u>\$15,469</u>

4. Donated Services and Use of Facility

The Club receives the use of its building from the Claiborne Parish Police Jury at no cost. The Club pays all other occupancy costs. The Club also has volunteers who work at no cost. These donations are not recorded on the books of the club.

5. Fixed Assets

As of December 31, 2003, fixed assets and organization costs consist of:

Equipment	\$27,759
Building improvements	<u>43,281</u>
Subtotal	71,040
Less accumulated depreciation	<u>(20,481)</u>
Total	<u>\$50,559</u>
Organization costs	\$621
Less accumulated amortization	<u>(621)</u>
Total	<u>\$0</u>

Equipment includes donations of \$8,124.

Claiborne Boys and Girls Club, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2003

6. Donated Materials

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of materials and equipment are recorded as unrestricted support.

7. Schedule of Functional Expenses

This schedule presents the allocation of the general operating account and the programs expenses.

8. Commitment and Contingencies

The Club has no long-term commitments at this time.

9. Compensated Absences

The Club does not have compensated absences.

OTHER SUPPLEMENTAL DATA

Claiborne Boys and Girls Club, Inc.
 Schedule of Functional Expenses
 For the Year Ended December 31, 2003

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries	\$61,861	\$11,599	\$3,866	77,326
Payroll taxes and fringe benefits	5,990	1,123	374	7,488
Accounting/auditing	5,586	1,047	349	6,982
Dues	318	60	20	398
Maintenance and repairs	498	93	31	622
Insurance	14,018	2,628	876	17,523
Supplies - office	3,862	724	241	4,828
Program supplies	3,377	633	211	4,221
Telephone	4,078	765	255	5,097
Travel/seminars	958	180	60	1,198
Utilities	12,660	2,374	791	15,825
Miscellaneous	3,580	671	224	4,475
Depreciation and amortization	3,654	685	228	4,567
Total Expenses	<u>\$120,440</u>	<u>\$22,583</u>	<u>\$7,528</u>	<u>\$150,550</u>

EDWARDS & WADE

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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 and Members
Claiborne Boys and Girls Clubs, Inc.
Homer, Louisiana

We have audited the financial statements of Claiborne Boys and Girls clubs, Inc., a nonprofit organization, as of and for the year ended December 31, 2003, and have issued our report thereon dated June 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Claiborne Boys and Girls Clubs, Inc.'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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 03-1, 03-2, and 03-3.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Claiborne Boys and Girls Clubs, 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. 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.

Because of a limited number of available personnel, it is not possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

Our audit did not reveal any significant errors or irregularities resulting from this lack of segregation of employee duties and responsibilities.

This report is intended solely for the information and use of the board of directors, members and management of Claiborne Boys and Girls Clubs, Inc. and the Boys and Girls Clubs of America, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Edward G. Wade
Ruston, Louisiana
June 21, 2004

Claiborne Boys and Girls Clubs, Inc.
Summary of Prior Year Findings
For the Year Ended December 31, 2003

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

None

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

Claiborne Boys and Girls Clubs, Inc.
 Schedule of Findings And Questioned Costs
 For the Year Ended December 31, 2003

We have audited the financial statements of Claiborne Boys and Girls Clubs, Inc. as of and for the year ended December 31, 2003, and have issued our report thereon dated June 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 21, 2004, resulted in an unqualified opinion.

A. Summary of Audit Results

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Reportable Yes No

Compliance

Compliance Material to Financial Statements Yes No

2. Federal Awards

Internal Control

Material Weaknesses Yes No Reportable Yes No

Type of Opinion On Compliance
 For Major Programs

Unqualified Qualified
 Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?
 Yes No

3. Identification of Major Programs:

CFDA Number(s)	Name of Federal Program (or Cluster)
N/A	

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Is the audited a "low-risk" audited, as defined by OMB Circular A-133? Yes No

B. Financial Statements Findings

- 03-1. During our fieldwork, it was noted that all members and board members did not pay their dues. While this amount is immaterial to the overall financial statements, it is the policy of the parent organization that members pay dues – both children and board members.

Recommendation: We recommend the club comply with the national policy.

Response: Board members will be instructed and advised to pay dues.

- 03-2. The club could not provide a listing of assets. According to LRS 24:513(A), the club should maintain records of all assets which were purchased or otherwise acquired, and for which the club is accountable. The records shall include information as to the date of purchase, initial cost, the disposition, if any, the purpose of such disposition, and the recipient of the assets disposed of.

Recommendation: We recommend the club conduct a physical inventory and set up subsidiary records to comply with accounting principles generally accepted in the United States.

Response: We will conduct a physical inventory and set up subsidiary records.

- 03-3. During our fieldwork, it was noted that one employee was not paid at the correct overtime rate. The employee was paid for hours worked over 40 hours in one week at the straight time rate.

Recommendation: We recommend the club comply with state and federal overtime laws.

Response: This will be reported to the Board of Directors. This employee will be paid time and a half for overtime or made a salary employee.

C. Federal Award Findings and Questioned Costs

None

CLAIBORNE BOYS AND GIRLS CLUBS, INC.
P. O. Box 777
Homer, LA 71040

CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2003

Claiborne Boys and Girls Clubs, Inc. hereby submits the following corrective action plan as referenced in the Findings and Questioned Costs:

- 03-1. See Schedule of Findings and Questioned Costs - Section B.
- 03-2. See Schedule of Findings and Questioned Costs - Section B.
- 03-3. See Schedule of Findings and Questioned Costs - Section B.