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The Boys and Girls Club of Central Louisiana, Inc.

Alexandria, Louisiana

December 31, 2001

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.

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KNIGHT <> MASDEN

Certified Public Accountants

A PROFESSIONAL ACCOUNTING CORPORATION

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September 19, 2001

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, 2001, 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, 2001, 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 September 19, 2002, 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, 2001

ASSETS	
Current Assets	
Cash and cash equivalents	\$ 11,598
Accounts receivable, grants	6,027
Investments, at fair value	56,533
Prepaid expenses	<u>1,770</u>
Total Current Assets	75,928
Plant, property and equipment	<u>272,071</u>
Land held for investment, at fair value	<u>15,000</u>
TOTAL ASSETS	<u><u>\$362,999</u></u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	\$ 17,377
Payroll tax and other withholdings	<u>1,180</u>
Total Current Liabilities	18,557
Net Assets	
Unrestricted	<u>344,442</u>
Total Net Assets	<u>344,442</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$362,999</u></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, 2001

Revenues	
Program services fees	\$ 24,896
Grants	53,296
Direct and indirect support	191,448
Fund raising	35,046
Other income	7,423
Investment income	933
Realized and unrealized losses on investments	<u>(20,249)</u>
Total Revenues	292,793
Expenses	
Program Expenses	240,684
Management and general	143,521
Fund raising	<u>5,135</u>
Total Expenses	<u>389,340</u>
Change in Net Assets	(96,547)
Net Assets beginning of the year (as restated)	<u>440,989</u>
Net Assets end of the year	<u><u>\$ 344,442</u></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, 2001

Change in net assets	\$(96,547)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	36,550
Decrease in accounts receivable	17,713
Realized and unrealized loss on investments	20,249
Decrease in prepaid expenses	3,598
Increase in accounts payables and accrued expenses	5,153
Decrease in deferred revenue	<u>(6,034)</u>
Net cash provided by operating activities	(19,318)
Investing Activities	
Purchase of plant, property and equipment	(16,381)
Proceeds from sale of investments	<u>43,024</u>
Net cash provided by investing activities	<u>26,643</u>
Net increase in cash and cash equivalents	7,325
Cash and cash equivalents - beginning of year	<u>4,273</u>
Cash and cash equivalents - end of year	<u><u>\$ 11,598</u></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, 2001

Expenses	Program Services	Management and General	Totals
	\$ 115,406	\$ 72,815	\$ 188,221
Salaries	16,872	18,154	35,026
Employee benefits and taxes		9,758	9,758
Professional fees		78	78
Advertising		400	400
Bank charges		365	365
Interest expense		1,079	1,079
Investment fees		214	214
Board meeting expense		1,156	1,156
Cleaning supplies		3,933	3,933
Dues - National Organization		1,944	1,944
Equipment maintenance and rental		438	438
Miscellaneous		328	328
Postage		4,198	4,198
Office supplies		5,076	5,076
Vehicle operating and maintenance	12,013		12,013
Recreational and vocational supplies	1,731	2,176	3,907
Telephone expenses	18,652	4,347	22,999
Utilities	11,520		11,520
Rent expense	10,105	3,108	13,213
Repairs and maintenance	400		400
Security	545	495	1,040
Subscriptions and registration	2,249	1,562	3,811
Travel and employee automobile	27,412	9,138	36,550
Depreciation	1,453		1,453
Recognition and awards	22,326	2,759	25,085
Insurance - buildings and equipment			
Total Expenses	<u>\$ 240,684</u>	<u>\$ 143,521</u>	<u>\$ 384,205</u>

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, 2001

Note 1 – Summary of Significant Accounting Policies

Organization – The Boys and Girls Club of Central Louisiana, Inc. (Club) is a not-for-profit 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”.

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. An allowance for uncollectible promises is provided based on management’s evaluation of potential uncollectible promises receivable at year-end.

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

The Boys and Girls Club of Central Louisiana, Inc.
Notes to the Financial Statements
December 31, 2001

Note 1 – Summary of Significant Accounting Policies, Continued

accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Endowment contributions and investments are permanently restricted by the donor.

During 2001 the Club did not have any temporarily or permanently restricted assets.

Cash and Cash Equivalents - The Club considers cash in checking accounts, certificates of deposit and money market funds as cash and cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted 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, 2001 was \$81,216.

Summary of realized and unrealized losses:

Realized losses	\$12,296
Unrealized losses	<u>7,953</u>
Total	<u>\$20,249</u>

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 2001 the Club liquidated some of the investments in order to meet operating cash flow needs.

Further liquidation of the investments occurred in 2002 and the fair market value was \$15,800 as of the date of this report.

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, 2001

Note 3 – Plant, Property, Equipment and Depreciation

The following schedule summarizes estimated useful life, cost and accumulated depreciation as of December 31, 2001:

<u>Description</u>	<u>Life</u>	
Buildings and improvements	5 - 35 years	\$428,565
Office furniture and equipment	3 - 5 years	30,093
Other equipment and vehicles	5 years	47,132
Recreational equipment	5 - 7 years	18,925
Vocational equipment	5 - 7 years	<u>67,503</u>
		\$592,218
Less: Accumulated depreciation		<u>(320,147)</u>
Net, plant property and equipment		<u>\$272,071</u>

Depreciation expense for the year was \$36,550.

Note 4 – 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 has not been satisfied.

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

During 2001 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.

The Alexandria and Pineville facilities are located on land belonging to the Cities of Alexandria and Pineville respectively. No monetary recognition is made in the financial statement for these donated services.

Note 5 – Retirement Plan

The Boys and Girls Club of Central Louisiana, Inc., is a participant in the Boys Club of America Pension Trust Fund, a defined contribution plan. An employee is eligible for participation in the plan when he or she has completed three years of continuous full-time employment. Ten percent of the employee's gross pay is contributed to the plan. Initially the Club and the employee each contribute five percent. Each subsequent year the Club contributes one percent more until the club is contributing the entire ten percent. During 2001 no employees participated in the retirement plan.

The Boys and Girls Club of Central Louisiana, Inc.
Notes to the Financial Statements
December 31, 2001

Note 6 – Restatement of Unrestricted Net Assets

Unrestricted Net Asset per prior year report	\$ (58,502)
Restatements:	
Investments classified as permanently restricted	192,251
Fixed assets (fund) classified as permanently Restricted	<u>307,240</u>
Restated Unrestricted Net Assets	<u>\$440,989</u>

Note 7 – Grants

At December 31, 2001 the Club had two active grants; one with the City of Alexandria and the other with the Louisiana Commission on Law Enforcement. Both grants were reimbursement grants. As of December 31, 2001 the Club had incurred expenses under the grants totaling \$6,027 which was reimbursed in 2002. These amounts are show 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, 2001 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 2001, support received through the United Way was \$178,600. 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.

Supplementary Information

The Boys and Girls Club of Central Louisiana, Inc.
Schedule of Grant Expenses
For the year ended December 31, 2001

City of Alexandria

Reimbursement for North Alexandria Facility

Salaries	\$ 29,745
Payroll taxes	2,281
Telephone	504
Van Mileage	1,842
Program and other supplies	4,498
General insurance	2,700
Equipment	1,584
Workmen's compensation insurance	<u>624</u>

Total	<u><u>\$ 43,778</u></u>
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Louisiana Commission on Law Enforcement

Juvenile Justice and Delinquency Prevention

Salaries	\$ 7,075
Payroll taxes and benefits	661
Travel	<u>807</u>

Total	<u><u>\$ 8,543</u></u>
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