

**BIG BUDDY PROGRAM**  
**BATON ROUGE, LOUISIANA**  
**DECEMBER 31, 2012**

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 OCT 16 2013

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Big Buddy Program

We have audited the accompanying statements of financial position of Big Buddy Program as of December 31, 2012 and 2011, and the related statements of activities, cash flows, functional expenses, and related notes to the financial statements for the years then ended.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Buddy Program as of December 31, 2012 and 2011, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Big Buddy Program's basic financial statements. The accompanying supplemental information description of programs on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Also, the accompanying supplemental information schedule of expenditures of federal awards on page 16 is presented for purposes of additional analysis as required by U S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2013, on our consideration of Big Buddy Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Big Buddy Program's internal control over financial reporting and compliance.



June 10, 2013

**BIG BUDDY PROGRAM**  
**STATEMENTS OF FINANCIAL POSITION**  
*December 31, 2012 and 2011 (as restated)*

	<u>2012</u>	<u>2011</u> <i>(as restated)</i>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash (includes savings deposits of \$2,697 and \$2,695 at December 31, 2012 and 2011, respectively)	\$ 3,196	\$ 42,002
Grants and other receivables	163,306	258,858
Prepaid expenses	33,989	39,018
Total current assets	<u>200,491</u>	<u>339,878</u>
 <b>PROPERTY AND EQUIPMENT</b>		
Buildings	222,824	222,824
Transportation equipment	161,022	161,022
Furniture and equipment	72,797	71,850
	<u>456,643</u>	<u>455,696</u>
Less accumulated depreciation	<u>(261,388)</u>	<u>(243,657)</u>
	<u>195,255</u>	<u>212,039</u>
 Total assets	 <u>\$ 395,746</u>	 <u>\$ 551,917</u>

*Continued*

	<u>2012</u>	<u>2011</u> <i>(as restated)</i>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Short-term loan obligation	\$ 21,088	\$ 21,356
Current portion of long-term loan obligation	34,778	49,942
Technical bank overdraft	5,093	-
Accounts payable	85,219	32,600
Payroll taxes and other withholdings payable	1,464	1,037
Accrued salaries	-	3,533
Accrued compensated absences	3,897	5,299
Deferred revenue	21,000	-
Other liabilities	18,733	18,733
Total current liabilities	<u>191,272</u>	<u>132,500</u>
<b>LONG-TERM LIABILITIES</b>		
Long-term loan obligation	34,778	49,942
Less current portion	<u>(34,778)</u>	<u>(49,942)</u>
Total long-term liabilities	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>		
Unrestricted	191,850	186,283
Temporarily restricted	10,449	230,959
Permanently restricted	<u>2,175</u>	<u>2,175</u>
Total net assets	<u>204,474</u>	<u>419,417</u>
Total liabilities and net assets	<u>\$ 395,746</u>	<u>\$ 551,917</u>

See accompanying notes

**BIG BUDDY PROGRAM**  
**STATEMENTS OF ACTIVITIES**  
*Year Ended December 31, 2012 and 2011 (as restated)*

	2012				2011 <i>(as restated)</i>			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE</b>								
United Way allocation	\$ 168,815	\$ -	\$ -	\$ 168,815	\$ 172,085	\$ -	\$ -	\$ 172,085
Donations	241,127	4,260	-	245,387	177,146	4,353	-	181,499
Grant income	801,492	46,915	-	848,407	1,426,736	311,995	-	1,738,731
Fees and contract revenue	160,861	-	-	160,861	423,135	-	-	423,135
Other revenue	7,788	-	-	7,788	42,408	-	-	42,408
Transfers in satisfaction of restrictions	271,685	(271,685)	-	-	231,231	(231,231)	-	-
<b>TOTAL REVENUE AND RECLASSIFICATIONS</b>	<u>1,651,768</u>	<u>(220,510)</u>	<u>-</u>	<u>1,431,258</u>	<u>2,472,741</u>	<u>85,117</u>	<u>-</u>	<u>2,557,858</u>
<b>EXPENSES</b>								
Functional expenses								
Program services-								
Title IV-B Twenty First Century								
Community Learning Centers	727,618	-	-	727,618	1,275,197	-	-	1,275,197
Title IV-B-2 Mentoring Children of Prisoners	-	-	-	-	167,416	-	-	167,416
Construction-Coaching Opportunities to Reach Employment	56,282	-	-	56,282	10,473	-	-	10,473

*Continued*

	2012				2011 (as restated)			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Child and Adult Care Food Program	-	-	-	-	3,220	-	-	3,220
Other programs	699,203	-	-	699,203	884,211	-	-	884,211
<b>TOTAL PROGRAM EXPENSES</b>	<b>1,483,103</b>	<b>-</b>	<b>-</b>	<b>1,483,103</b>	<b>2,340,517</b>	<b>-</b>	<b>-</b>	<b>2,340,517</b>
Fundraising	94,147	-	-	94,147	107,681	-	-	107,681
Management and general	68,951	-	-	68,951	79,047	-	-	79,047
	163,098	-	-	163,098	186,728	-	-	186,728
<b>TOTAL EXPENSES</b>	<b>1,646,201</b>	<b>-</b>	<b>-</b>	<b>1,646,201</b>	<b>2,527,245</b>	<b>-</b>	<b>-</b>	<b>2,527,245</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>5,567</b>	<b>(220,510)</b>	<b>-</b>	<b>(214,943)</b>	<b>(54,504)</b>	<b>85,117</b>	<b>-</b>	<b>30,613</b>
Net assets - beginning of year (as originally reported)	-	-	-	-	160,787	145,842	2,175	308,804
Prior period adjustment	-	-	-	-	80,000	-	-	80,000
Net assets - beginning of year (as restated)	186,283	230,959	2,175	419,417	240,787	145,842	2,175	388,804
Net assets - end of year	\$ 191,850	\$ 10,449	\$ 2,175	\$ 204,474	\$ 186,283	\$ 230,959	\$ 2,175	\$ 419,417

See accompanying notes

**BIG BUDDY PROGRAM**  
**STATEMENTS OF CASH FLOWS**  
*Year Ended December 31, 2012 and 2011*

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ <u>(214,943)</u>	\$ <u>30,613</u>
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	17,730	22,029
Decrease (increase) in receivables	95,552	(15,909)
Decrease in prepaid expenses	5,029	6,373
Increase in deferred revenue	21,000	-
Increase (decrease) in payroll taxes and other withholdings payable	427	(2,079)
Decrease in accrued salaries	(3,533)	(10,349)
Decrease in accrued compensated absences	(1,402)	(5,654)
Increase (decrease) in accounts payable	<u>52,619</u>	<u>(26,665)</u>
Total adjustments	<u>187,422</u>	<u>(32,254)</u>
Net cash used in operating activities	<u>(27,521)</u>	<u>(1,641)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Deposits refunded	-	1,227
Acquisition of equipment	<u>(947)</u>	<u>(8,501)</u>
Net cash used in investing activities	<u>(947)</u>	<u>(7,274)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal advances on line-of-credit	33,993	50,000
Principal payments on line-of-credit	(49,157)	(16,097)
Proceeds from short-term borrowing	23,336	23,633
Principal payments on short-term borrowing	(23,603)	(23,486)
Increase in technical bank overdraft	<u>5,093</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(10,338)</u>	<u>34,050</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<u>(38,806)</u>	<u>25,135</u>
Cash - beginning of year	42,002	16,867
Cash - end of year	\$ <u><u>3,196</u></u>	\$ <u><u>42,002</u></u>

See accompanying notes

**BIG BUDDY PROGRAM**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2012 and 2011**

2012

	Title IV-B Twenty First Century Community Learning Centers	Construction- Coaching Opportunities to Reach Employment	Other Programs	Management and General	Fundraising	Total
Salaries	\$ 312,039	\$ 23,182	\$ 365,797	\$ 35,731	\$ 10,591	\$ 747,340
Payroll tax and employee benefits	67,516	3,147	44,547	4,351	1,290	120,851
Professional services	210,332	9,421	109,488	10,695	3,170	343,106
Other services	79,957	9,105	97,674	9,541	2,828	199,105
Supplies	56,165	11,427	36,804	-	-	104,396
Special events	-	-	-	-	75,098	75,098
Other expenses	1,609	-	29,156	7,096	715	38,576
	<u>727,618</u>	<u>56,282</u>	<u>683,466</u>	<u>67,414</u>	<u>93,692</u>	<u>1,628,472</u>
Depreciation	-	-	15,737	1,537	455	17,729
	<u>\$ 727,618</u>	<u>\$ 56,282</u>	<u>\$ 699,203</u>	<u>\$ 68,951</u>	<u>\$ 94,147</u>	<u>\$ 1,646,201</u>

2011

	Title IV-B Twenty First Century Community Learning Centers	Construction- Coaching Opportunities to Reach Employment	Child and Adult Care Food Program	Mentoring Children of Prisoners Grant	Other Programs	Management and General	Fundraising	Total
Salaries	\$ 585,644	\$ 8,790	-	\$ 105,728	\$ 343,526	\$ 33,554	\$ 9,948	\$ 1,087,190
Payroll tax and employee benefits	126,565	-	-	15,798	125,275	12,237	3,627	283,502
Professional services	385,660	547	1,453	23,830	192,437	18,797	5,572	628,296
Other services	113,348	701	-	10,770	119,078	11,632	3,448	258,975
Supplies	63,980	435	1,767	11,290	74,960	-	-	152,432
Special events	-	-	-	-	-	-	84,250	84,250
Other expenses	-	-	-	-	9,382	917	272	10,571
	<u>1,275,197</u>	<u>10,473</u>	<u>3,220</u>	<u>167,416</u>	<u>864,658</u>	<u>77,137</u>	<u>107,115</u>	<u>2,505,216</u>
Depreciation	-	-	-	-	19,553	1,910	566	22,029
	<u>\$ 1,275,197</u>	<u>\$ 10,473</u>	<u>\$ 3,220</u>	<u>\$ 167,416</u>	<u>\$ 884,211</u>	<u>\$ 79,047</u>	<u>\$ 107,681</u>	<u>\$ 2,527,245</u>

See accompanying notes

**BIG BUDDY PROGRAM**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2012*

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of activities*

Big Buddy Program is a nonprofit organization operating in the Baton Rouge area, offering children in Pre K through twelfth grade from low-income families the opportunities for recreational, cultural, and educational activities. The Organization is primarily funded by Capital Area United Way; the City of Baton Rouge-Parish of East Baton Rouge; and Federal, state and other private programmatic grants.

*Basis of accounting*

The Organization prepares its financial statements on the accrual basis of accounting. Under this method of accounting, revenue is recognized when earned or billed, and expenses are recognized when goods or services are received and the obligation for payment is incurred.

*Basis of presentation*

Financial statement presentation follows the guidance of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities under three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets are resources that are free of donor-imposed use or time restrictions and are available at the direction of the governing board. Temporarily restricted net assets are resources that are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Permanently restricted net assets are those resources whose use by the Organization is limited to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

*Contributions and grants*

Contributions received, grants, and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports cash gifts and grants and contributions of other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or grants, or if they are designated as support for future periods. When donor restrictions expire, that is, when the stipulated time restriction ends or the purpose of the 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*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 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.

*Cash and cash equivalents*

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with maturities of ninety days or less when acquired to be cash equivalents.

*Property and equipment*

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment is stated at cost less accumulated depreciation with depreciation being calculated on the straight-line basis over the estimated useful life of the assets as follows:

Buildings	15-39 yrs
Furniture and equipment	5-7 yrs
Transportation equipment	5 yrs

When property is retired or otherwise disposed of, the accounts are relieved of the applicable cost and accumulated depreciation, and any resulting gain or loss is reflected in operations.

*Donated personal services*

The value of donated personal services provided has not been recorded in the accompanying financial statements. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization in the performance of its programs and various committee activities.

*Donated equipment*

Equipment donated to the Organization is recorded at fair market value on the date received

*Income taxes*

Big Buddy Program is an organization exempt from income taxes as defined in Section 501(c)(3) of the Internal Revenue Code.

Big Buddy Program applies the standards in FASB ASC 740-10 in accounting for uncertainty in income taxes. Big Buddy Program files a United States return of organization exempt from income tax. The Program's returns for 2009, 2010, 2011, and 2012 are subject to examination by the Internal Revenue Service.

**A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Compensated absences*

Full-time employees earn one day of vacation time per month. Employees that do not use all of their vacation time are allowed to carry forward a maximum of 6 days to the following year. Employees terminating their employment with Big Buddy are entitled to be compensated for their accrued vacation pay. Full-time employees also earn one day of sick time each month. Employees are allowed to accumulate up to a maximum of 60 days of sick time. Employees terminating their employment with Big Buddy are not compensated for their accrued sick pay

A liability for compensated vacation time is provided based upon the number of hours of unused time at the employee's current hourly rate. No liability is accrued for sick leave in accordance with applicable accounting standards.

*Receivables and bad debts*

Management believes that receivables are collectible in full, and no allowance for bad debts has been provided in the financial statements.

**B: ECONOMIC DEPENDENCY**

The Organization receives support from a number of sources. Significant among those are the following, reflecting their percent of total revenues provided in 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Capital Area United Way	12%	7%
Department of Education Grants	51%	46%
Department of Health and Human Services Grants	3%	6%
Local Foundations	4%	11%

**C: FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs are charged specifically to a program or function and the remaining costs are allocated among programs, administrative and fund raising based upon estimates of staff time devoted to these functions.

**D: PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment at cost, less accumulated depreciation:

	2012	2011
Buildings	\$ 222,824	\$ 222,824
Transportation equipment	161,022	161,022
Furniture and equipment	<u>72,797</u>	<u>71,850</u>
	456,643	455,696
Less accumulated depreciation	<u>(261,388)</u>	<u>(243,657)</u>
	<u>\$ 195,255</u>	<u>\$ 212,039</u>

Depreciation expense for 2012 and 2011 was \$17,730 and \$22,029, respectively.

**E: CONCENTRATION OF CREDIT RISK**

The Big Buddy Program maintains deposits in a local financial institution with balances at times that may exceed the \$250,000 federal insurance provided by the Federal Deposit Insurance Corporation

**F: LEASE OBLIGATION**

The Organization leases certain equipment under agreements classified as operating leases. The lease expense under these agreements for the year ended December 31, 2012, was \$4,682 and was \$6,900 for the year 2011.

The following is a schedule by years of future minimum rental payments required under the equipment leases as of December 31, 2012.

Years Ending December 31	
2013	3,944
2014	3,944
2015	3,944
2016	1,469
2017	161
	<u>\$ 13,462</u>

**G: NOTE PAYABLE**

The Big Buddy Program maintains a \$50,000 line of credit through a local financial institution secured by a mortgage on program facilities located at 1415 Main Street. The line of credit matured on March 13, 2007 and was extended to December 31, 2012. The loan agreement calls for monthly interest payments of 6.5% on the unpaid principal balance. The line was closed and the outstanding principal and interest was paid in full on February 6, 2013.

The Big Buddy Program entered into a financing agreement for its business auto insurance policy premium effective November 14, 2012. The financing arrangement calls for ten monthly installment payments of \$2,441 including principal and interest at 9.95% beginning December 14, 2012.

Interest paid on these obligations totaled \$3,333 in 2012 and \$2,776 in 2011

**H: NET ASSETS**

Temporarily restricted net assets consist of funds designated by donors or grantors for specific purposes or programs. A total of \$220,270 at December 31, 2011, is restricted to use in specific programmatic areas. Also, funded scholarships amounted to \$10,449 and \$10,689 at December 31, 2012 and 2011, respectively.

Net assets were released from donor restrictions by incurring expenses satisfying the purpose of restrictions specified by donors as follows:

	<u>2012</u>	<u>2011</u>
Purpose restriction accomplished:		
Scholarship program	\$ 4,500	\$ 2,513
Academic Center for Excellence	21,219	50,130
Level up	11,854	-
Wordplay program	1,340	77,232
Community school support program	131,093	53,000
Child and Adult food program	2,845	3,220
Child care assistance program	-	1,475
Project Achieve	1,462	23,538
Mentoring programs	97,372	20,123
Total restrictions released	<u>\$ 271,685</u>	<u>\$ 231,231</u>

Permanently restricted net assets consist of donations intended to remain in perpetuity, the income from which is restricted to funding scholarships. The earnings on these endowments are reported as temporarily restricted for use in funding such scholarships

**H: NET ASSETS (continued)**

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization follows the Uniform Management of Institutional Funds Act of 1972 (UMIFA) which was enacted by Louisiana in 1976 and its own governing documents. UMIFA requires the historical dollar amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UMIFA. The Organization's donors have not placed restrictions on the use of the investment income or net appreciation resulting from the investment of the donor restricted endowment funds, other than those noted above.

Endowment net asset composition as of December 31, 2012, is as follows:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Donor-restricted endowment fund: \$	-	\$ 522	\$ 2,175	\$ 2,697

Changes in endowment net assets for 2012 and 2011 are as follows.

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment net assets,				
January 1, 2011	\$ -	\$ 519	\$ 2,175	\$ 2,694
Contributions in 2011	-	-	-	-
Interest earnings in 2011	-	1	-	1
Amounts appropriated for expenditure in 2011	-	-	-	-
Endowment net assets,				
December 31, 2011	-	520	2,175	2,695
Contributions in 2012	-	-	-	-
Interest earnings in 2012	-	2	-	2
Amounts appropriated for expenditure in 2012	-	-	-	-
Endowment net assets,				
December 31, 2012	<u>\$ -</u>	<u>\$ 522</u>	<u>\$ 2,175</u>	<u>\$ 2,697</u>

**I: FEDERALLY ASSISTED PROGRAMS**

Federal and State assistance programs represent an important source of funding for Big Buddy. These programs are audited annually in accordance with the "Single Audit Act." Other programmatic audits may be conducted by grantor agencies. Prior audits have not resulted in any significant disallowed cost. However, grantor agencies may conduct or require additional examinations which could result in the cancellation of grants or contracts, the disallowance of costs charged to the grant or require the repayment of any questioned costs identified and such repayments may be material to the financial statements

**J: NON-CASH INVESTING AND FINANCING ACTIVITIES**

There were no non-cash investing and financing activities in 2012 or 2011.

**K: SUBSEQUENT EVENTS**

Subsequent events were evaluated through June 10, 2013, which is the date the financial statements were available to be issued

**L: RESTATEMENT**

Grants receivable for the years ended December 31, 2010 and 2011, have been restated and increased by \$80,000 to reflect the shifting of the Program's United Way allocation period that occurred in 2010. As a result the unrestricted net assets as of December 31, 2010 increased by \$80,000.

## **SUPPLEMENTAL INFORMATION**

## DESCRIPTION OF PROGRAMS

### *Title IV-B Twenty-First Century Community Learning Centers*

The Title IV-B Twenty-First Century program accounts for the administration of programs for preK-12<sup>th</sup> grade students and their families in and out of school hours. The programs provide academic, recreational, and enrichment activities to students in targeted high poverty area schools.

### *Safe and Drug-Free Schools and Communities – National Programs/Mentoring Grants*

This program promotes mentoring for children with the greatest need by assisting them in receiving support and guidance from a mentor in order to improve their academic performance; to improve interpersonal relationships between the children and their peers, teachers, other adults, and family members, to reduce the dropout rate; and to reduce juvenile delinquency and involvement in gangs

### *Construction-Coaching Opportunities to Reach Employment (C-Core)*

C-Core funds are used to implement an industry-sponsored mentoring program organized around Community Service Clubs in each program area. The primary focus is involving greater numbers of employers associated with the home building industry as mentors.

### *Other Programs*

The Big Buddy Program accounts for other programs for academics, recreation, and enrichment to children in high poverty areas. These programs are geared toward the social and academic development of our youth. They target children of all ages both in school and out of school.

**BIG BUDDY PROGRAM**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*Year ended December 31, 2012*

FEDERAL GRANTOR GRANTORS/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT YEAR END	PROGRAM OR AWARD AMOUNT	REVENUE RECOGNIZED	TOTAL FEDERAL EXPENDITURES
<b><u>U S Department of Education</u></b>					
Passed Through the Louisiana Department of Education					
Title IV-B Twenty First Century Community Learning Centers	84 287C	06/30/2013	813,750	679,556	679,556
		4/30/2012	480,000	42,887	48,062
<b><u>U S Department of Justice</u></b>					
Juvenile Mentonng Program - Construction					
Coaching Opportunites to Reach Employment	16 726	3/31/2013	75,000	41,915	56,282
			<u>\$ 1,368,750</u>	<u>\$ 764,358</u>	<u>\$ 783,900</u>

*Note A The schedule above is prepared using accrual basis of accounting This information is presented in accordance with the requirement of OMB Circular A-133, Audits of State, Local Government, and Nonprofit Organizations Therefore, the amounts presented on the schedule may differ from amounts presented in the basic financial statements*

Michael A. Tham, CPA  
Robert L. Stamey, CPA  
Susan S. Tham, CPA  
Kimberly G. Sanders, CPA, MBA

**L.A. CHAMPAGNE** & Co.  
LLP  
Certified Public Accountants

Member of the Private  
Companies Practice  
Section of the American  
Institute of CPAs

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Directors  
Big Buddy Program

We have audited, in accordance with the 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, the financial statements of Big Buddy Program, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Big Buddy Program's basic financial statements and have issued our report thereon dated June 10, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Big Buddy Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Big Buddy Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Big Buddy Program's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2012-1, 2011-1, and 2006-1 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Big Buddy Program's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Big Buddy Program's Response to Findings

Big Buddy Program's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Big Buddy Program's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Big Buddy Program's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Big Buddy Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
June 10, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133**

The Board of Directors  
Big Buddy Program

Report on Compliance for Each Major Federal Program

We have audited the Big Buddy Program's compliance with the types of compliance requirements described in the *US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Big Buddy Program's major federal programs for the year ended December 31, 2012. Big Buddy Program's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Big Buddy Program's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Big Buddy Program'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 on compliance for each major federal program. However, our audit does not provide a legal determination on Big Buddy Program's compliance.

### Opinion on Each Major Federal Program

In our opinion, Big Buddy Program complied, in all material respects, with the types compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

### Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2012-2. Our opinion on each major federal program is not modified with respect to these matters.

Big Buddy Program's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Big Buddy Program's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Report on Internal Control Over Compliance

Management of the Big Buddy Program is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Big Buddy Program's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Big Buddy Program's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2011-1 to be a significant deficiency.

Big Buddy Program's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Big Buddy Program's response is not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
June 10, 2013

**BIG BUDDY PROGRAM**  
**SUMMARY OF AUDIT RESULTS AND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*Year Ended December 31, 2012*

**A: SUMMARY OF AUDIT RESULTS**

- 1 The auditor's report expresses an unqualified opinion on the financial statements of Big Buddy Program.
2. Three significant deficiencies in internal controls, 2012-1, 2011-1 and 2006-1, relating to the audit of the financial statements are included in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards* " No items are reported as material weaknesses.
3. No instance of noncompliance material to the financial statements of Big Buddy Program was disclosed during the audit.
4. One significant deficiency in internal controls relating to the audit of the major federal award programs is included in the "Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133".
5. The auditor's report on compliance for the major federal award program for Big Buddy Program expresses an unqualified opinion.
- 6 There is one audit finding, 2012-2, relating to the major federal award program for Big Buddy Program reported in Part C of this Schedule.
- 7 The program tested as a major program is as follows  
  
U S. Department of Education  
CFDA 84.287C – Title IV-B Twenty-First Century Community Learning Centers
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Big Buddy Program was determined to be a low-risk auditee

## **B: FINDINGS - FINANCIAL STATEMENTS AUDIT**

### **INTERNAL CONTROL**

#### **2012-1 Delinquent Payroll Taxes**

*Condition* We noted that a portion of the fourth quarter of 2012 payroll taxes were not timing remitted to tax authorities.

*Effect.* Late remittance of payroll taxes to tax authorities resulted in assessment of interest and penalties.

*Criteria* Internal controls include those policies and procedures that exist to assure that employee withholdings and payroll taxes are remitted timely.

*Auditor's Recommendation* Manage cash flows to assure that all obligations, particularly payroll tax remittances, are paid timely in order to avoid costly penalty and interest charges

*Management Response* Management acknowledges the condition as described above The December, 2012 payroll tax obligation was paid in full in January, 2013 Management cites staff turnover as the reason for the oversight.

#### **2011-1 Petty Cash**

*Condition* Big Buddy Program's policies and procedures do not require the use of an imprest system for petty cash reimbursements. Therefore, internal controls over petty cash and related expenditures are not sufficient to adequately safeguard assets from loss through unintentional error or by theft or misappropriation.

*Effect* The manner in which petty cash is reimbursed does not provide for adequate reconciliation of expenses paid and there is greater opportunity for the misuse of cash funds This is significant since Big Buddy routinely uses petty cash to purchase a variety of goods and services, particularly fuel for vehicles.

*Criteria* Big Buddy Program has a responsibility to establish, implement and maintain adequate controls over petty cash and related expenditures.

*Auditor's Recommendation* Big Buddy Program should develop and implement policies and procedures to maintain petty cash and account for expenditures of the cash funds on an imprest basis. A petty cash fund is established in a set amount. Expenses are paid from the fund and receipts and invoices for the expenditures are retained When the fund is depleted, the

receipted expenses are presented for review, approval and reimbursement to restore the cash fund to the original prescribed amount and record the details of the expenses in the general ledger. The primary control is that only properly documented expenses can be reimbursed. These recommendations were implemented in June, 2012.

*Management Response*: Management acknowledges the continuation of the condition reported in the 2011 audit as described above through May of 2012. Upon being made aware of this deficiency, management developed and implemented an imprest based petty cash system.

#### 2006-1 Internal Control over Financial Reporting

*Condition* We have always assisted management in the analysis and reclassification of various accounts in order to close the books at year end and in drafting the financial statements and related notes as part of our year-end audit process

*Effect* Because our involvement is so key to that process there is an indication that this deficiency in internal control over financial reporting of the Organization meets the definition of a significant deficiency as defined below.

*Criteria*. Internal controls over financial reporting are those policies and procedures that exist to assure an entity's ability to initiate, record, process, and report financial data consistent with assertions embodied in the annual financial statements, and that financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

*Auditor's Recommendation* At this time it is not feasible for the Big Buddy Program to acquire the expertise necessary to actually draft the year end financial statements in accordance with GAAP. Therefore, we propose to continue to assist management in the drafting of those financial statements

*Management Response* Management acknowledges the condition as described above. Although the Big Buddy Program's management does not actually prepare and draft the financial statements, they have the capacity and experience to understand proposed adjustments and to oversee the drafting of financial statements prepared in accordance with generally accepted accounting principles. Management provides all of the information to support adjustments and reclassifications and other information to be included in the financial statements and they understand the financial statement presentation. Therefore, management proposes to continue with the current arrangement for financial statement preparation.

**C: FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

**DEPARTMENT OF EDUCATION**

**Title IV-B 21st Century Community Learning Centers; CFDA No. 84.287C; year ended December 31, 2011.**

**INTERNAL CONTROL OVER COMPLIANCE**

**2011-1 Petty Cash**

*Condition* Big Buddy Program's policies and procedures do not require the use of an imprest system for petty cash reimbursements. Therefore, internal controls over petty cash and related expenditures are not sufficient to adequately safeguard assets from loss through unintentional error or by theft or misappropriation.

*Effect* The manner in which petty cash is reimbursed does not provide for adequate reconciliation of expenses paid and there is greater opportunity for the misuse of cash funds. This is significant since Big Buddy routinely uses petty cash to purchase a variety of goods and services particularly fuel for vehicles.

*Criteria* Big Buddy Program has a responsibility to establish, implement and maintain adequate controls over petty cash and related expenditures.

*Auditor's Recommendation* Big Buddy Program should develop and implement policies and procedures to maintain petty cash and account for expenditures of the cash funds on an imprest basis. A petty cash fund is established in a set amount. Expenses are paid from the fund and receipts and invoices for the expenditures are retained. When the fund is depleted, the receipted expenses are presented for review, approval and reimbursement to restore the cash fund to the original prescribed amount and record the details of the expenses in the general ledger. The primary control is that only documented expenses can be reimbursed. These recommendations were implemented in June, 2012.

*Management Response* Management acknowledges the continuation of the condition reported in the 2011 audit as described above through May of 2012. Upon being made aware of this deficiency, management developed and implemented an imprest based petty cash system.

## COMPLIANCE

### 2012-2 Fuel Purchases

*Condition* The deficiency in internal control over petty cash noted in Item 2011-1 above resulted in one instance where duplicate receipts for gasoline purchases were submitted for reimbursement resulting in duplicate payments being made and which were in turn improperly included in the request for funds submitted to the Louisiana Department of Education for reimbursement of costs. In our examination of one petty cash reimbursement, we noted duplicate receipts charged to petty cash and which were in turn included in the request for grant funds. This occurred in February, 2012.

*Effect* Duplicate costs were submitted and improperly reimbursed under the grant.

*Criteria* Big Buddy Program has a responsibility to assure that costs reimbursed under the grant are allowable. Duplicate payment of direct reimbursable costs with federal funds is not allowed.

*Question costs* \$50.00

*Auditor's Recommendation* Big Buddy Program should develop and implement policies and procedures to maintain petty cash and account for expenditures of the cash funds on an imprest basis. A petty cash fund is established in a set amount. Expenses are paid from the fund and receipts and invoices for the expenditures are retained. When the fund is depleted, the receipted expenses are presented for review, approval and reimbursement to restore the cash fund to the original prescribed amount and record the details of the expenses in the general ledger. The primary control is that only documented expenses can be reimbursed.

Further, it is recommended that policies and procedures be developed and implemented to purchase fuel with a properly controlled credit card utilizing a usage log and providing that pump receipts be retained and matched to periodic credit card statements.

These recommendations were implemented in June, 2012.

*Management Response* Management acknowledges the continuation of the conditions reported in the 2011 audit as described above through May of 2012. Upon being made aware of this deficiency, management developed and implemented an imprest based petty cash system and has employed a properly controlled credit card and payment system for fuel purchases.



## **Big Buddy Program**

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1415 Main St , Baton Rouge, LA 70802  
Ph. (225) 388-9737 Fax (225) 346-8441

June 10, 2013

The Big Buddy Program respectfully submits the following corrective action plan for the year ended December 31, 2012.

Name and Address of independent public accounting firm:

L.A. Champagne & Co., L.L.P.  
4911 Bennington Avenue  
Baton Rouge, LA 70808

Audit period: Year ended December 31, 2012

The findings from the 2012 schedule of findings and questioned cost are discussed below. The findings are numbered consistently with the number assigned to the schedule.

### **INTERNAL CONTROL**

#### **2012-1 Delinquent Payroll Taxes**

*Condition:* We noted that a portion of the fourth quarter of 2012 payroll taxes were not timing remitted to tax authorities.

*Management Response:* Management acknowledges the condition as described above. The December, 2012 payroll tax obligation was paid in full in January, 2013. Management cites staff turnover as the reason for the oversight.

#### **2011-1 Petty Cash**

*Condition:* Big Buddy Program's policies and procedures do not require the use of an imprest system for petty cash reimbursements. Therefore, internal controls over petty cash and related expenditures are not sufficient to adequately safeguard assets from loss through unintentional error or by theft or misappropriation.

*Action Taken:* Management acknowledges the condition as described above and has developed and implemented an imprest based petty cash system that became operational in June, 2012.

## 2006-1 Internal Control over Financial Reporting

**Condition:** We have always assisted management in the analysis and reclassification of various accounts in order to close the books at year end and in drafting the financial statements and related notes as part of our year-end audit process.

**Action Taken:** Management acknowledges the condition as described above. Although the Big Buddy Program's management does not actually prepare and draft the financial statements, they have the capacity and experience to understand proposed adjustments and to oversee the drafting of financial statements prepared in accordance with generally accepted accounting principles. They provide all of the information to support adjustments and reclassifications and other information to be included in the financial statements and they understand the financial statement presentation. Therefore, management proposes to continue with the current arrangement for financial statement preparation.

## COMPLIANCE

### DEPARTMENT OF EDUCATION

**Title IV-B 21st Century Community Learning Centers; CFDA No. 84.287C; year ended December 31, 2012.**

#### 2012-2 Fuel Purchases

**Condition:** The deficiency in internal control over petty cash noted in Item 2011-1 above resulted in one instance where duplicate receipts for gasoline purchases were submitted for reimbursement resulting in duplicate payments being made and which were in turn improperly included in the request for funds submitted to the Louisiana Department of Education for reimbursement of costs. In our examination of one petty cash reimbursement, we noted duplicate receipts charged to petty cash and in turn included in the request for grant funds. This occurred in February, 2012.

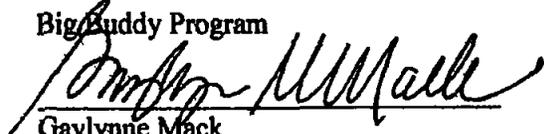
**Question costs** \$50.00

**Action Taken.** Management acknowledges the continuation of the condition reported in the 2011 audit as described above through May of 2012. Upon being made aware of this deficiency, management developed and implemented an imprest based petty cash system and employs a properly controlled credit card and payment system for fuel purchases.

If there are any questions regarding this plan, please call me at 225-388-9737.

Respectively submitted,

Big Buddy Program

A handwritten signature in black ink, appearing to read "Gaylynne Mack", written over a horizontal line.

Gaylynne Mack  
Executive Director

**BIG BUDDY PROGRAM**  
**SCHEDULE OF CORRECTIVE ACTION TAKEN**  
**ON PRIOR YEAR FINDINGS**

*Year Ended December 31, 2012*

**2011-1      Petty Cash**

Repeated in current year findings as item 2011-1. Management developed and implemented an imprest based petty cash reimbursement system in June, 2012.

**2011-2      Fuel Purchases**

Repeated in current year findings as item 2012-2. Management developed and implemented an imprest based petty cash reimbursement system and began using a properly controlled credit card and payment system for fuel purchases.

**2011-3      Monitoring**

Big Buddy expanded the level of detail in its general ledger accounts to provide for more effective monitoring of its finances and identification of adverse financial trends.

**2006-1      Internal Control over Financial Reporting**

Repeated in current year findings as item 2006-1