

SAMUEL W. STEVENS, III
Certified Public Accountant

**THE BOYS AND GIRLS CLUBS
OF
SOUTHEAST LOUISIANA, INC.
New ORLEANS, LOUISIANA**

**Audited Financial Statements
June 30, 2009**

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 5/19/10

**BOYS AND GIRLS CLUBS OF SOUTHEAST LOUISIANA
NEW ORLEANS, LOUISIANA**

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANT'S REPORT

For the Year ended June 30, 2009

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SAMUEL W. STEVENS, III CPA

P.O. Box 52631 · Shreveport, LA 71135 · (318) 458-0930 · Fax (866) 531-9558

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Boys and Girls Clubs of Southeast Louisiana
New Orleans, Louisiana

I have audited the accompanying statements of financial position of The Boys and Girls Clubs of Southeast Louisiana, (Boys and Girls Clubs) a nonprofit organization, as of June 30, 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Boys and Girls Club, as of June 30, 2009 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated March 25, 2010, on my consideration of The Boys and Girls Club's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.



March 25, 2010

**BOYS & GIRLS CLUBS
OF
SOUTHEAST LOUISIANA, INC.**

Statement of Financial Position
June 30, 2009

Assets

Current Assets:

Cash	\$ 269,472
Accounts receivable - Grants and Other	14,991
Prepaid Expenses	5,674
Other Assets	<u>17,983</u>
Total Current Assets	308,121

Property and Equipment:

Land, building and equipment net of accumulated depreciation	<u>1,507,815</u>
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Total Assets	\$ <u><u>1,815,936</u></u>
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Liabilities and Net Assets

Current Liabilities:

Accounts payable, accrued expenses	\$ 14,415
Payroll Tax & related liabilities	36,940
Deferred Revenue	<u>250,000</u>
Total Liabilities	301,355

Net Assets:

Unrestricted	<u>1,514,581</u>
Total net assets	<u>1,514,581</u>

Total Liabilities and Net Assets	\$ <u><u>1,815,936</u></u>
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See Accompanying Notes to Financial Statements

**BOYS & GIRLS CLUBS
OF
SOUTHEAST LOUISIANA, INC.**

Statement of Activities
For the Fiscal Year Ended June 30, 2009

	<u>Unrestricted</u>
Revenues, gains and other support:	
Contributions	\$ 144,135
Allocation from United Way	161,244
Membership dues	3,443
Program service fees	83,808
Grants and Contracts	441,186
Donated Equipment & Facilities	0
Other	<u>54,837</u>
Total Revenues, gains and other support:	888,652
Expenses	
Program Services:	
Social Development	<u>1,427,268</u>
Total program services	1,427,268
Supporting Services:	
Management and general	142,695
Fundraising	<u>64,195</u>
Total Supporting Services:	<u>206,890</u>
Total Expenses	1,634,158
Increase (Decrease) in net assets	<u>(745,506)</u>
<i>Net Assets</i>	
Beginning of Year	<u>2,260,087</u>
End of Year	<u>\$ 1,514,581</u>

See Accompanying Notes to Financial Statements

**BOYS & GIRLS CLUBS
OF
SOUTHEAST LOUISIANA, INC.**

Statement of Functional Expenses
For the Fiscal Year Ended June 30, 2009

	Program Services		Supporting Services		Total
	Social Development		Management and general	Fundraising	
Expenses					
Salaries	\$ 709,931	\$	98,239	\$ 32,746	\$ 840,917
Payroll taxes	56,653		7,840	2,613	67,106
Employee benefits	105,070		14,539	4,846	124,456
Total salaries and related benefits	871,655		120,618	40,206	1,032,479
Professional fees and contract services			8,500	0	22,439
Supplies	13,939		6,951	0	59,311
Telephone and telecommunications	52,361		4,769	0	23,312
Water & utilities	18,543		0	0	28,401
Other office expense	28,401		1,857	0	6,127
Summer camp expenses	4,270		0	0	7,357
Food supplies	7,357		0	0	1,686
Transportation & auto allowance	1,686		0	0	7,733
Occupancy	7,733		0	0	52,591
Equipment, rental & maintenance	52,591		0	0	5,021
Insurance	5,021		0	0	103,284
Conferences, conventions, meetings	103,284		0	0	29,525
Management fee	29,525		0	0	35,000
Miscellaneous Expenses	35,000		0	0	3,040
NBA BB League Expense	3,040		0	0	10,343
Fundraising	10,343		0	23,989	23,989
Depreciation	0		0	0	182,520
	182,520		0	0	
Total Expenses	\$ 1,427,268	\$	142,695	\$ 64,195	\$ 1,634,158

**BOYS & GIRLS CLUBS
OF
SOUTHEAST LOUISIANA. INC.**

Statement of Cash Flows
June 30, 2009

Cash Flows from Operating Activities.	
Increase (Decrease) change in net assets	\$ (745,506)
Adjustments to reconcile change in net assets to net cash provided from operations:	
Depreciation	182,520
Accounts receivables	46,395
Prepaid expenses	29,287
Accounts payable, accrued expenses	11,414
Payroll Tax & related liabilities	5,935
Deferred Revenue	<u>250,000</u>
Net Cash Provided/(Used) by Operating Activities	<u>(219,955)</u>
Cash Flows from Investing Activities:	
Payments for property and equipment	<u>(3,072)</u>
Net Cash Provided/(Used) by Investing Activities	(3,072)
Decrease in Cash	(223,027)
Cash, Beginning of Year	<u>492,499</u>
Cash, End of Year	<u>\$ 269,472</u>

See Accompanying Notes to Financial Statements

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

The Organization

Boys and Girls Clubs of Southeast Louisiana, Inc. (Boys and Girls Clubs), is a non-profit organization with Club locations utilized to provide programs and services to enhance the development of boys and girls. The Clubs offer diversified program activities to instill character and leadership development, education and career development, health and life skills, the arts, sports, fitness and recreation. Boys and Girls Clubs is an affiliate member of the Boys and Girls Clubs of America.

Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis. Accordingly, revenue is recorded when earned and expenses are recorded when incurred.

Basis of Presentation

The Boys and Girls Clubs has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, The Boys and Girls Clubs is required to report information regarding its financial position and activities according to three classes of net assets, although during the fiscal year ended June 30, 2009, there were only *Unrestricted Net Assets*:

- *Unrestricted Net Assets* - Net Assets not subject to donor-imposed restrictions.
- *Temporarily restricted Net Assets* - Net assets subject to donor-imposed restrictions that may be met either by an action and/or through the passage of time.
- *Permanently restricted Net Assets* - Net Assets subject to donor-imposed restrictions that will not expire through the passage of time and/or an action.

The Boys and Girls Clubs is required to present a statement of cash flows.

Pension Plan

The Center has adopted a defined contribution pension plan that covers all employees who meet the plan eligibility requirements. The Center funds pension plan cost on a current basis.

Accounts Receivable

Accounts receivables are recorded and carried at cost, which approximates fair value. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current collectible status of individual receivables from clients, grants, contracts, and others. The allowance for doubtful accounts is established by management to state receivables at estimated net realizable value. Accounts are considered past due after thirty days. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. Interest is not charged on past due accounts. Management considers all receivables at June 30, 2009 to be collectible.

Investments

The Center has adopted SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No 124, investments in marketable securities with readily determined fair value and all investments in debt securities are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the

restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Land, Building and Equipment

Improvements which significantly extend the useful life of an asset and purchases of land, buildings and equipment are capitalized at cost. The straight line method of depreciation is used for the assets owned by the Boys and Girls Clubs. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations. Gifted long-lived assets are reported at their estimated fair market value and as unrestricted, in the absence of donor-imposed restrictions on the use of assets.

Income Taxes

The Boys and Girls Clubs is exempt from federal income taxes under section 501(c) (3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, The Boys and Girls Clubs has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code and qualifies for deductible contributions as provided in Section 170 (b) (A) (vi). There was no unrelated business taxable income during the fiscal year ended June 30, 2009.

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 activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Economic Dependency

Boys and Girls Clubs' receives its funding through grants from the State of Louisiana, Boys and Girls Clubs of America, and other local municipalities. Additionally, the organization receives contributions from the United Way of the Greater New Orleans Area. Any significant budget cuts or reduction in donations could have a significant impact on the operations of the organization.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods 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. Restricted contributions whose restrictions are met in the same reporting period are shown as unrestricted contributions.

Compensated Absences

Employees earn ten to twenty vacations days on an annual basis, depending upon their years of service. Unused vacation days are not carried forward to the next year, any unused time is lost.

Employees also earn ten days of sick leave per calendar year. Unused sick leave is also lost if not used by the end of the calendar year.

Contributed Services

During the year ended June 30, 2009 the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

NOTE 2. PERVASIVENESS OF 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.

NOTE 3. COMMITMENTS

The Boys and Girls Clubs of Southeast Louisiana, Inc. has an agreement to lease space for its main office and storage through April 30, 2014. Lease expense for the year ended June 30, 2009 was \$19,795 collectively. Future annual lease payments are as follows:

Year ended	Amount
6/30/2010	\$ 54,468
6/30/2011	54,752
6/30/2012	56,454
6/30/2013	57,864
thru 4/30/2014	\$ 48,220

NOTE 4. PREPAID EXPENSES

As of June 30, 2009 prepaid expenses consisted of:

Worker's Compensation Insurance	\$	\$776
Property Insurance		3,785
General Liability Insurance		558
Fiduciary Liability Insurance		217
Flood Insurance		<u>337</u>
Total	\$	<u>\$5,673</u>

NOTE 5. ACCOUNTS RECEIVABLE

Accounts receivable-grants and other are stated at the amounts due from various grant awarding agencies. Management expects to collect all of the outstanding balances therefore an allowance for doubtful accounts has not been established.

NOTE 6. LAND, BUILDINGS and EQUIPMENT

Land	\$	92,360
Building		1,716,168
Pool		320,000
Furniture, fixtures, and equipment		<u>462,086</u>
		2,590,614

Less accumulated depreciation	<u>(1,082,799)</u>
Land, buildings and equipment - net	\$ <u>1,507,815</u>

NOTE 7. CONCENTRATION OF CREDIT RISK

The Boys and Girls Clubs maintains several bank accounts at one bank. In October 2008, the Federal Deposit Insurance Corporation (FDIC) increased its insurance of demand accounts in banks to balances up to \$250,000. At June 30, 2009, the amount at risk is \$13,606, which is the cash in the bank which exceeded federally insured limits.

NOTE 8. DONATED FACILITIES

The Boys and Girls Clubs of Southeast Louisiana, Inc. had three clubs that occupied several different facilities rent free. The estimated fair value of the annual rent for the Gretna, Covington, and Houma clubs is not included in the statement of activities.

NOTE 9. BOARD OF DIRECTOR'S COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

OTHER REPORTS

SAMUEL W. STEVENS, III CPA

P.O. Box 52631 · Shreveport, LA 71135 · (318) 458-0930 · Fax (318) 219-7841

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
Boys and Girls Club of Southeast Louisiana
New Orleans, Louisiana

I have audited the financial statements of The Boys and Girls Club of Southeast Louisiana, (Boys and Girls Club) (a not-for-profit organization) as of and for the year ended June 30, 2009 and have issued my report thereon dated June 30, 2009. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Boys and Girls Club's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Boys and Girls Club's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified a deficiency in internal control over financial reporting that I consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I do not consider item 2009-1, to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boys and Girls Club's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance.

This report is intended solely for the information and use of the board of directors, management, Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties

A handwritten signature in black ink, reading "Samuel W. Patton, II". The signature is written in a cursive style with a horizontal line extending from the end.

March 25, 2010

Boys and Girls Club of Southeast Louisiana
New Orleans, Louisiana

Schedule of Findings and Responses
For the Year Ended June 30, 2009

I have audited the financial statements of Boys and Girls Club of Southeast Louisiana as of and for the year ended June 30, 2009, and have issued my report thereon dated March 25, 2010. I conducted my 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. My audit of the financial statements as of June 30, 2009, resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

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

Internal Control

Material Weaknesses: No Control Deficiency: No

Compliance

Compliance Material to Financial Statements: No

b. Federal Awards - Not Applicable.

c. Identification of Major Programs - Not Applicable.

Section II Summary Schedule of Prior Findings

There were no prior year findings

Section III Summary Schedule of Current Year Findings

Finding 2009-1 Audited financial statements as of June 30, 2009 were not completed by December 31, 2009.

Criteria: State Law requires completion of audit engagements within six months of the close of the fiscal year or December 31, 2009.

Effect: As advised in section 323, paragraph .01 of the Louisiana Audit Guide, this is a material issue of noncompliance.

Cause: The organization engaged its CPA after December 31, 2009, on January 25, 2010. During months leading up to December 31, 2009, the organization underwent restructuring in its' governance and management. In anticipation of not meeting the December 31, 2009 due date, management requested and was granted an extension to file its report no later than March 15, 2010, with a compliance finding for late submission.

Recommendations: Management should ensure a CPA is engaged to initiate the audit no later than forty-five days after year end.

Management's response: Management points out that the restructuring was an isolated matter that would not occur again in such a manner that would impair compliance with state financial reporting law. Additionally, it will implement procedures to ensure adherence to its existing policy of engaging a CPA prior to June 30.