

**The Boys and Girls Clubs of the Timber Ridge, Inc.**

**Financial Statements**

**For the Year Ended December 31, 2012**



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**Douglas A. Brewer, LLC**

Certified Public Accountant

**The Boys and Girls Clubs of the Timber Ridge, Inc.**  
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**For the Year Ended December 31, 2012**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Boys and Girls Clubs of the Timber Ridge, Inc.  
Homer, Louisiana 71040

I have audited the accompanying financial statements of The Boys and Girls Club of the Timber Ridge, Inc., (a nonprofit organization) which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

### 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

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 from 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position The Boys and Girls Clubs of the Timber Ridge, Inc., as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Other Information**

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of functional expenses on page 11, and the accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, on page 12, are presented for purposes of additional analysis and is not a required part of the 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated June 28, 2013, on my consideration of The Boys and Girls Clubs of the Timber Ridge, Inc.'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 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 The Boys and Girls Clubs of the Timber Ridge, Inc.'s internal control over financial reporting and compliance.

*Douglas A. Bremer, LLC*

Ruston, Louisiana  
June 28, 2013

**The Boys and Girls Clubs of the Timber Ridge, Inc.**  
**Statement of Financial Position**  
**For the Year Ended December 31, 2012**

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**ASSETS**

|                            |                         |
|----------------------------|-------------------------|
| Cash and Cash Equivalents  | \$ 4,015                |
| Receivables                | 7,914                   |
| Furniture & Equipment, net | <u>53,788</u>           |
| <b>TOTAL ASSETS</b>        | <u><u>\$ 65,717</u></u> |

**LIABILITIES AND NET ASSETS**

**Liabilities**

|                     |               |
|---------------------|---------------|
| Accounts Payable    | \$ 4,097      |
| Accrued Liabilities | 42,359        |
| Notes Payable       | <u>14,940</u> |
| Total Liabilities   | <u>61,396</u> |

**Net Assets**

|                                   |              |
|-----------------------------------|--------------|
| Unrestricted Net Assets           | 4,321        |
| Temporarily Restricted Net Assets | -            |
| Permanently Restricted Net Assets | <u>-</u>     |
| Total Net Assets                  | <u>4,321</u> |

**TOTAL LIABILITIES & NET ASSETS**

\$ 65,717

The accompanying notes are an integral part of these financial statements.

**The Boys and Girls Clubs of the Timber Ridge, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2012**

|                                                 | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>    |
|-------------------------------------------------|---------------------|-----------------------------------|-----------------|
| <b>Revenues, Gains, And Support</b>             |                     |                                   |                 |
| Grants                                          | \$ 112,761          | \$ -                              | \$ 112,761      |
| Contributions                                   | 33,180              | 16,000                            | 49,180          |
| Membership Dues                                 | 3,615               | -                                 | 3,615           |
| Fund Raising and Special Events                 | 20,558              | -                                 | 20,558          |
| Miscellaneous                                   | 908                 | -                                 | 908             |
| Total Revenues, Gains And Support               | <u>171,022</u>      | <u>16,000</u>                     | <u>187,022</u>  |
| <b>Net Assets Released From Restrictions</b>    |                     |                                   |                 |
| Satisfaction of Program Restrictions            | <u>16,000</u>       | <u>(16,000)</u>                   | <u>-</u>        |
| <b>Total Revenues, Gains, and Other Support</b> | 187,022             | -                                 | 187,022         |
| <b>Expenses:</b>                                |                     |                                   |                 |
| Program Services                                | 166,882             | -                                 | 166,882         |
| Support Services                                | 31,290              | -                                 | 31,290          |
| Fundraising                                     | 10,431              | -                                 | 10,431          |
| <b>Total Expenses</b>                           | <u>208,603</u>      | <u>-</u>                          | <u>208,603</u>  |
| <b>Increase (Decrease) in Net Assets</b>        | (21,581)            | -                                 | (21,581)        |
| <b>Net Assets at Beginning of Year</b>          | <u>63,066</u>       | <u>-</u>                          | <u>63,066</u>   |
| Prior Period Adjustment                         | <u>(37,164)</u>     | <u>-</u>                          | <u>(37,164)</u> |
| <b>NET ASSETS AT END OF YEAR</b>                | <u>\$ 4,321</u>     | <u>\$ -</u>                       | <u>\$ 4,321</u> |

The accompanying notes are an integral part of this financial statement.

**The Boys and Girls Clubs of the Timber Ridge, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2012**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

|                                                  |              |
|--------------------------------------------------|--------------|
| Receipts from Granting Agencies and Contributors | \$ 191,479   |
| Payments to Suppliers for Goods and Services     | (75,742)     |
| Payments to Employees                            | (100,109)    |
| Payment of Payroll Taxes & Fringe Benefits       | (11,439)     |
| Net Cash Provided (Used) by Operating Activities | <u>4,189</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|                                                  |          |
|--------------------------------------------------|----------|
| Purchase of Equipment                            | <u>-</u> |
| Net Cash Provided (Used) by Investing Activities | <u>-</u> |

**CASH FLOWS FROM FINANCING ACTIVITIES**

|                                                  |                 |
|--------------------------------------------------|-----------------|
| Proceeds From Borrowings                         | 13,439          |
| Payments On Prior Year Payroll Liabilities       | (32,121)        |
| Payments On Borrowings                           | (11,080)        |
| Net Cash Provided (Used) by Financing Activities | <u>(29,762)</u> |

**Net Increase (Decrease) in Cash and Cash Equivalents** (25,573)

**Cash and Cash Equivalents at Beginning of Year** 29,588

**Cash and Cash Equivalents at End of Year** \$ 4,015

**Reconciliation of Operating Income to Net Cash Provided  
by Operating Activities:**

|                                                                                                  |                        |
|--------------------------------------------------------------------------------------------------|------------------------|
| Decrease in Net Assets                                                                           | \$ (21,581)            |
| Adjustments to Reconcile Increase in Net Assets to<br>Net Cash Provided by Operating Activities: |                        |
| Depreciation                                                                                     | 12,431                 |
| Decrease in Accounts Receivable                                                                  | 4,457                  |
| Increase in Accounts Payable and Accrued Expenses                                                | 8,882                  |
| Net Cash Provided (Used) by Operating Activities                                                 | <u><u>\$ 4,189</u></u> |

The accompanying notes are an integral part of these financial statements.

**The Boys and Girls Clubs of the Timber Ridge, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Nature of Activities**

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

**B. Basis of Accounting**

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

**C. Cash Equivalents**

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

**D. Support and Revenue**

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

**E. Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by donor. Amounts received that are designated for future 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.

**F. Property and Equipment**

Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method. The Organization has no capitalization policy.

**The Boys and Girls Clubs of the Timber Ridge, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2012**

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

|              |            |
|--------------|------------|
| Equipment    | 5-10 Years |
| Improvements | 27 ½ Years |

**G. Functional Allocations of Expenses**

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

**H. Estimates**

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

**I. Income Taxes**

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

**2. CASH AND CASH EQUIVALENTS**

At December 31, 2012, the board has cash and cash equivalents (book balances) totaling \$4,015 as follows:

|                 |    |              |
|-----------------|----|--------------|
| Demand deposits | \$ | 4,015        |
| Totals          | \$ | <u>4,015</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2012, the Organization has \$8,050 in deposits (collected bank balances). These deposits are secured from risk by \$8,050 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

**The Boys and Girls Clubs of the Timber Ridge, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2012**

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**3. GRANTS AND ACCOUNTS RECEIVABLE**

The receivables at December 31, 2012 are as follows:

|                                              |    |              |
|----------------------------------------------|----|--------------|
| Boys & Girls Club - OJP                      | \$ | 2,914        |
| Cooperative Endeavor Agreement - Haynesville |    | 2,500        |
| Cooperative Endeavor Agreement - Homer       |    | 2,500        |
| Totals                                       | \$ | <u>7,914</u> |

**4. DONATED SERVICES AND USE OF FACILITY**

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

**5. FIXED ASSETS**

As of December 31, 2012, fixed assets and organization costs consist of:

|                               |    |                 |
|-------------------------------|----|-----------------|
| Equipment                     | \$ | 93,233          |
| Building improvements         |    | <u>43,281</u>   |
| Subtotal                      |    | 136,515         |
| Less accumulated depreciation |    | <u>(82,727)</u> |
| Total                         | \$ | <u>53,788</u>   |
| Organization costs            | \$ | 621             |
| Less accumulated amortization |    | <u>(621)</u>    |
| Total                         | \$ | <u>0</u>        |

**6. DONATED MATERIALS**

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

**7. COMMITMENT AND CONTINGENCIES**

The Organization receives revenues from various Federal and State grant programs, which are subject to final review and approval as to allowable expenditures by the respective grantor agencies. Any settlements or expenses arising out of a final review are recognized in the period in which agreed upon by the organization and the Federal or State Agency. Also, it is management's opinion that any audits by the grantor agencies would not produce disallowed program costs and liabilities to such an extent that they would materially affect the organizations financial position.

**The Boys and Girls Clubs of the Timber Ridge, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2012**

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**8. ECONOMIC DEPENDENCY**

The Organization receives the majority of its revenue from funds provided through grants administered thru various Federal and State programs. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the organization receives could be reduced significantly and have an adverse impact on its operations. In addition, the Organization relies on local contributions from individuals, businesses, and other organizations. These contributions vary from year-to-year, and can be effected by the local economy and other circumstances.

**9. COMPENSATED ABSENCES**

The Organization does not have compensated absences.

**10. COMPENSATION PAID TO BOARD MEMBERS**

No compensation was paid to any board member during the year under audit.

**11. RELATED PARTY TRANSACTIONS**

A board member loaned \$12,000 to the board during the year ended December 31, 2009. No loan documents could be located to support the terms of the loan. The balance on this loan at December 31, 2011 was \$3,000. During the year ended December 31, 2012, an additional \$6,500 was loaned to the Organization. Payments of \$2,250 were made toward the loan in 2012. At December 31, 2012, the loan was forgiven and converted to a contribution in the amount of \$7,250.

**12. PRIOR PERIOD ADJUSTMENT**

The Organization owes payroll taxes, penalties and interest for prior year payroll tax liabilities dating back to 2009. An adjustment of \$37,164 was made to reflect the total amounts due. During 2012, payments on these amounts totaled \$32,121.

**13. SUBSEQUENT EVENTS**

Date of Management Evaluation

Management has evaluated subsequent events through June 28, 2013, the date on which the financial statements were available to be issued.

**The Boys and Girls Clubs of the Timber Ridge, Inc.**  
**Schedule of Functional Expenses**  
**For the Year Ended December 31, 2012**  
**(With Comparative Totals for 2011)**

**Schedule 1**

|                                   | <b>Program<br/>Services</b> | <b>Support<br/>Services</b> | <b>Fund<br/>Raising</b> | <b>Totals</b>     |                   |
|-----------------------------------|-----------------------------|-----------------------------|-------------------------|-------------------|-------------------|
|                                   |                             |                             |                         | <b>2012</b>       | <b>2011</b>       |
| Salaries & Wages                  | \$ 80,087                   | \$ 15,016                   | \$ 5,006                | \$ 100,109        | \$ 176,458        |
| Payroll Taxes and Fringe Benefits | 9,151                       | 1,716                       | 572                     | 11,439            | 17,531            |
| Professional Fees                 | 6,565                       | 1,231                       | 410                     | 8,206             | 3,071             |
| Dues & Subscriptions              | 2,498                       | 468                         | 157                     | 3,123             | 3,555             |
| Maintenance & Repairs             | 627                         | 118                         | 39                      | 784               | 8,042             |
| Insurance                         | 7,042                       | 1,320                       | 440                     | 8,802             | 6,172             |
| Office Expenses                   | 34,150                      | 6,403                       | 2,134                   | 42,687            | 29,005            |
| Contract Labor                    | 5,682                       | 1,065                       | 356                     | 7,103             | 8,916             |
| Travel & Seminars                 | 1,059                       | 199                         | 66                      | 1,324             | 5,929             |
| Utilities & Telephone             | 10,076                      | 1,889                       | 630                     | 12,595            | 18,592            |
| Depreciation                      | 9,945                       | 1,865                       | 621                     | 12,431            | 9,174             |
| <b>Totals</b>                     | <u>\$ 166,882</u>           | <u>\$ 31,290</u>            | <u>\$ 10,431</u>        | <u>\$ 208,603</u> | <u>\$ 286,445</u> |

See independent auditor's report.

**The Boys and Girls Clubs of the Timber Ridge, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2012**

| <u>Grant Title</u>                                                    | <u>Fund<br/>Number</u> | <u>Sub-Grant<br/>Award<br/>Number</u> | <u>Federal<br/>CFDA<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|-----------------------------------------------------------------------|------------------------|---------------------------------------|------------------------------------|---------------------------------|
| <b>United States Department of Education:</b>                         |                        |                                       |                                    |                                 |
| Office of Educational Research and Improvement, subgranted to:        |                        |                                       |                                    |                                 |
| The Louisiana Department of Education                                 |                        |                                       |                                    |                                 |
| Division of Student and School Learning Support                       |                        |                                       |                                    |                                 |
| Twenty-First Century Community Learning Centers                       |                        |                                       |                                    |                                 |
|                                                                       | CFMS #693440           | -                                     | 84.287C                            | \$ 77,761                       |
| Total United States Department of Education                           |                        |                                       |                                    | <u>77,761</u>                   |
| <b>United States Department of Justice:</b>                           |                        |                                       |                                    |                                 |
| Office of Juvenile Justice and Delinquency Prevention, subgranted to: |                        |                                       |                                    |                                 |
| Boys & Girls Club of America                                          |                        |                                       |                                    |                                 |
| Juvenile Mentoring Program                                            |                        |                                       |                                    |                                 |
|                                                                       | OJP 2011 23435         |                                       |                                    | 18,000                          |
| Total Department of Justice                                           |                        |                                       | 16.726                             | <u>18,000</u>                   |
| <b>Total Federal Awards</b>                                           |                        |                                       |                                    | <u>\$ 95,761</u>                |

See independent auditor's report.

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

Board of Directors  
The Boys and Girls Clubs of the Timber Ridge, Inc.  
Homer, Louisiana

I 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 The Boys and Girls Clubs of the Timber Ridge, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated June 28, 2013.

### **Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered The Boys and Girls Clubs of the Timber Ridge, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Clubs of the Timber Ridge, Inc.'s internal control. Accordingly, I 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a 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.

My 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies and is listed as 12-01.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Boys and Girls Clubs of the Timber Ridge, Inc.'s financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The Boys and Girls Clubs of the Timber Ridge, Inc.'s Response to Findings**

The Boys and Girls Clubs of the Timber Ridge, Inc.'s response to the finding in my audit is described in the accompanying schedule of findings and questioned costs. The Boys and Girls Clubs of the Timber Ridge, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is to be distributed by the Legislative Auditor as a public document.

*Douglas A. Brenn, LLC*

Ruston, Louisiana  
June 28, 2013

**The Boys and Girls Clubs of the Timber Ridge, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For The Year Ended December 31, 2012**

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I have audited the financial statements of The Boys and Girls Clubs of the Timber Ridge, Inc. as of and for the year ended December 31, 2012, and have issued my report thereon dated June 28, 2013. 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 and for the year ended December 31, 2012, resulted in an unmodified opinion.

**Section I- Summary of Auditors' Reports**

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

Internal Control

Material Weaknesses \_\_\_ yes X no    Significant Deficiencies X yes \_\_\_ no

Compliance

Compliance Material to Financial Statements \_\_\_ yes X no

**B. Federal Awards – N/A**

Internal Control

Material Weaknesses \_\_\_ yes \_\_\_ no    Significant Deficiencies \_\_\_ yes \_\_\_ no

Type of Opinion on Compliance  
For Major Programs

Unqualified \_\_\_ Qualified \_\_\_  
Disclaimer \_\_\_ Adverse \_\_\_

Are their findings required to be reported in accordance with Circular A-133, Section .510 (a)?

**C. Identification of Major Programs: N/A**

Dollar threshold used to distinguish between Type A and Type B Programs.

Is the auditee a “low-risk” auditee, as defined by OMB Circular A-133?

**The Boys and Girls Clubs of the Timber Ridge, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For The Year Ended December 31, 2012**

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**Section II- Financial Statement Findings**

**12-01 Lack of Separation of Incompatible Duties**

Condition:

The Boys and Girls Clubs of the Timber Ridge, Inc. has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Criteria:

Proper internal control requires separation of incompatible duties.

Effect:

Lack of separation of incompatible duties increases the risk that errors would not be detected or corrected in a timely manner.

Recommendation:

To the extent possible other Club personnel could assist with incompatible duties.

Response:

Due to our small size, it is very difficult to completely separate incompatible duties. The Board has taken steps to improve its internal control system. An outside consultant with not-for-profit experience was hired to perform monthly reconciliations and assist with our accounting system.

**Section III-Federal Award Findings and Question Costs**

This section is not applicable for this entity.

**The Boys and Girls Clubs of the Timber Ridge, Inc.**  
**Schedule of Prior Year Findings**  
**For the Year Ended December 31, 2012**

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**Report on Internal Control and Compliance Material to the Financial Statements**

The Boys and Girls Clubs of the Timber Ridge, Inc. was audited by other auditors for the year ended December 31, 2011.

**11-1 – Accounting Staff**

Condition:

The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes. Several material adjustments had to be made to the financial statements.

Recommendation:

We recommend the Organization hire a person with not-for-profit accounting experience and the qualifications and training necessary to maintain the Organization's financial records. We also recommend the Organization implement a formal review process where monthly reconciliations, reports, and processes are authorized, approved and reviewed to ensure accuracy and improve internal controls.

Status:

Cleared. The Organization hired an external consultant, on a part-time basis, to prepare monthly reconciliations and assist with coding transactions.

**11-2 – Poor Internal Controls**

Condition:

During our testwork, we determined the overall internal control for the Organization is inadequate. The following examples of the Organization's inadequate internal control:

During our test of disbursements, it was noted there were three instances where only 1 authorized signature on the check instead of the required two signatures. In five instances, someone other than the four authorized signatures supplied to us signed checks. For four disbursements randomly selected, we did not receive any supporting documentation.

Recommendation:

We recommend the Organization establish internal controls to monitor all receipts and disbursements.

Status:

Test-work for the year ended December 31, 2012 disclosed not such instances for the current year audited. See 12-1.

**Management Letter** - No management letter was issued for the year ended December 31, 2011.

**Boys and Girls Club of North Central Louisiana, Inc.  
Management's Corrective Action Plan  
For the Year Ended December 31, 2012**

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

**12-01 Lack of Separation of Incompatible Duties**

Condition:

The Boys and Girls Clubs of the Timber Ridge, Inc. has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Recommendation:

To the extent possible other Club personnel could assist with incompatible duties.

Response:

Due to our small size, it is very difficult to completely separate incompatible duties. The Board has taken steps to improve its internal control system. An outside consultant with not-for-profit experience was hired to perform monthly reconciliations and assist with our accounting system.

**Management Letter**

No management letter was issued.