

Boys and Girls Club of North Central Louisiana, Inc.

Financial Statements

For the Year Ended December 31, 2012



Douglas A. Brewer, LLC

Certified Public Accountant

Boys and Girls Club of North Central Louisiana, 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
Boys and Girls Club of North Central Louisiana, Inc.
Ruston, Louisiana 71270

I have audited the accompanying financial statements of Boys and Girls Club of North Central Louisiana, 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 Boys and Girls Club of North Central Louisiana, 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 12, is 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 21, 2013, on my consideration of Boys and Girls Club of North Central Louisiana, 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 Boys and Girls Club of North Central Louisiana, Inc.'s internal control over financial reporting and compliance.

Douglas A. Brewer, LLC

Ruston, Louisiana
June 21, 2013

Boys and Girls Club of North Central Louisiana, Inc.
Statement of Financial Position
For the Year Ended December 31, 2012

ASSETS

Cash and Cash Equivalents	\$ 157,336
Receivables	7,606
Furniture & Equipment, net	25,476
TOTAL ASSETS	<u>\$ 190,418</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts Payable and Accrued Liabilities	\$ 8,504
Total Liabilities	<u>8,504</u>

Net Assets

Unrestricted Net Assets	172,709
Temporarily Restricted Net Assets	9,205
Permanently Restricted Net Assets	-
Total Net Assets	<u>181,914</u>

TOTAL LIABILITIES & NET ASSETS	<u>\$ 190,418</u>
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The accompanying notes are an integral part of these financial statements.

Boys and Girls Club of North Central Louisiana, Inc.
Statement of Activities
For the Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains, And Other Support			
Contributions			
Ruston Housing Authority	\$ -	\$ 36,000	\$ 36,000
Boys & Girls Club of America/OJP	-	38,890	38,890
Summer Feeding Service Program	-	105,238	105,238
United Way Services	-	91,075	91,075
City of Ruston	-	30,000	30,000
Individual, Corporate, and Other	30,848	-	30,848
Designated Contributions	-	20,151	20,151
Fundraisers	198,113	-	198,113
Camp Fees	27,204	-	27,204
Special Events	34,842	-	34,842
After School Program	27,037	-	27,037
Miscellaneous	726	-	726
Total Revenues & Gains	318,770	321,354	640,124
Net Assets Released From Restrictions			
Satisfaction of Program Restrictions	316,708	(316,708)	-
Total Revenues, Gains, and Other Support	635,478	4,646	640,124
Expenses:			
Program Services	378,320	-	378,320
Support Services	92,844	-	92,844
Fundraising	86,751	-	86,751
Total Expenses	557,915	-	557,915
Increase (Decrease) in Net Assets	77,563	4,646	82,209
Net Assets at Beginning of Year	95,146	4,559	99,705
NET ASSETS AT END OF YEAR	\$ 172,709	\$ 9,205	\$ 181,914

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

Boys and Girls Club of North Central Louisiana, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Granting Agencies and Contributors	\$ 638,095
Payments to Suppliers for Goods and Services	(268,884)
Payments to Employees	(255,975)
Payment of Payroll Taxes	(20,789)
Net Cash Provided (Used) by Operating Activities	<u>92,447</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Equipment	<u>(8,759)</u>
Net Cash Provided (Used) by Investing Activities	<u>(8,759)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds From Borrowings	-
Payments On Borrowings	-
Net Cash Provided (Used) by Financing Activities	<u>-</u>

Net Increase (Decrease) in Cash and Cash Equivalents 83,688

Cash and Cash Equivalents at Beginning of Year 73,648

Cash and Cash Equivalents at End of Year \$ 157,336

Reconciliation of Operating Income to Net Cash Provided

by Operating Activities:

Increase in Net Assets	\$ 82,209
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Non-Cash Contributions	(2,000)
Depreciation	3,854
(Increase) Decrease in Accounts Receivable	(29)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	8,413
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 92,447</u></u>

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

Boys and Girls Club of North Central Louisiana, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Boys and Girls Club of North Central Louisiana, Inc. was incorporated under the laws of the State of Louisiana on May 28, 1997. The club's principle office is in Ruston, Louisiana, and is engaged in helping youth of all backgrounds, especially those who are disadvantaged. The club is supported primarily through donor contributions, grants and other support from various organizations including the Ruston Housing Authority, Boys & Girls Club of America, United Way, and the State of Louisiana.

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. Revenue

The club receives a substantial portion of its revenue from federal, state and local agencies. Revenue recognition depends on the contract, usually on a pro-rata basis over the life of the contract.

D. 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.

E. Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets from restriction.

F. Donated Materials and Services

Boys and Girls Club of North Central Louisiana, Inc. periodically receives donated materials and services. No amounts have been reflected in the financial statements for these materials and services.

G. Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

Boys and Girls Club of North Central Louisiana, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2012

H. Fixed Assets

Boys and Girls Club of North Central Louisiana, Inc. follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$500. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Computer and equipment	5 years
Vehicles	5 years
Furniture and fixtures	7 years
Leasehold Improvements	15 years

I. Functional Allocations 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.

J. 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.

K. Income Taxes

Boys and Girls Club of North Central Louisiana, Inc. 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, Boys and Girls Club of North Central Louisiana, Inc. 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. There was no unrelated business income for the years ended December 31, 2012.

L. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

2. RECEIVABLES

Receivables include the following:

	2012
Boys & Girls Clubs/OJP	\$ <u>7,606</u>
Total	\$ <u><u>7,606</u></u>

Boys and Girls Club of North Central Louisiana, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2012

3. FURNITURE AND EQUIPMENT

Furniture and equipment is summarized below:

	<u>Balance</u>		<u>Balance</u>
	<u>12/31/2011</u>	<u>Additions</u>	<u>12/31/2012</u>
Furniture & Fixtures	\$ 4,337	\$ 8,092	\$ 12,429
Computers & Equipment	23,755	-	23,755
Vehicles	23,204	-	23,204
Leasehold Improvements	10,946	2,667	13,613
Total	<u>\$ 62,242</u>	<u>\$ 10,759</u>	<u>\$ 73,001</u>
Accumulated Depreciation	\$ 43,671	\$ -	\$ 47,525
Net Furniture & Equipment	<u>\$ 18,571</u>	<u>\$ 10,759</u>	<u>\$ 25,476</u>

Depreciation expense for the year ended December 31, 2012 was \$3,854. Furniture and fixtures valued at \$2,000 was donated during the year ended December 31, 2012.

4. FACILITIES

Boys and Girls Club of North Central Louisiana, Inc.'s facilities are provided by the City of Ruston's Parks and Recreation Department. No rent is paid under an agreement that began in January, 2005. The club is responsible for all occupancy costs and normal upkeep and maintenance.

5. CONCENTRATION OF CREDIT RISK

Boys and Girls Club of North Central Louisiana, Inc. maintains bank accounts at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 each. The club's cash balances at December 31, 2012 did not exceed federally insured limits.

6. PENSION PLAN

The Boys and Girls Club of North Central Louisiana, Inc. pays into a pension plan on behalf of the executive director and unit director, but does not administer the plan, nor is it responsible for payment of benefits. Contributions for year ended December 31, 2012 totaled \$12,200. Administrative fees totaled \$725.

7. RELATED PARTY TRANSACTIONS

A board member is the official agent for the Club's independent insurance agency. During the year ended December 31, 2012, insurance premiums in the amount of \$4,970 were paid by the club.

Boys and Girls Club of North Central Louisiana, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2012

8. UNITED WAY PROGRAMS

The Boys and Girls Club of North Central Louisiana, Inc. participates in the United Way of Northeast Louisiana's Partner Agency program. As a participant in the program, the club must be in compliance with various financial, legal and accountability standards set forth by United Way.

9. FEDERAL FINANCIAL ASSISTANCE

The club received funding through the Boys & Girls Club of America as a subrecipient of funds provided by the Office of Justice Programs. Grant expenditures for the year ended December 31, 2012 was \$23,141.

10. SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through June 21, 2013, the date on which the financial statements were available to be issued.

11. UNCERTAIN TAX POSITIONS

The provisions of ASC 740-10 (Formerly FASB Interpretation No. 48 (FIN 48)) were adopted by the organization on January 1, 2009. The adoption of FIN 48 did not result in any changes to net assets or deferred income tax liabilities.

Accrued interest and penalties associated with uncertain tax positions are included as a component of the provision for income taxes. There were no unrecognized tax benefits at January 1, 2009. For the year ended December 31, 2012, there were no unrecognized tax benefits, or accrued interest and penalties.

The company files Form 990, an informational tax return in the U.S. federal tax jurisdiction. Federal tax returns prior to 2009 are closed.

Supplemental Information

Boys and Girls Club of North Central Louisiana, Inc.
Schedule of Functional Expenses
For the Year Ended December 31, 2012
(With Comparative Totals for 2011)

Schedule 1

	Program Services	Support Services	Fund Raising	Totals	
				2012	2011
Accounting Fees	\$ -	\$ 3,379	\$ -	\$ 3,379	\$ 2,304
Board Expenses	-	2,512	-	2,512	6,824
Conferences & Meetings	-	1,060	-	1,060	3,050
Contract Labor	31,301	-	-	31,301	-
Computer Expenses	-	-	-	-	2,779
Depreciation	-	3,854	-	3,854	6,633
Designated Expenses	21,913	-	-	21,913	17,262
Fundraising Expenses	-	-	21,921	21,921	13,771
Insurance	-	-	-	-	7,615
Office Expense	-	15,854	-	15,854	6,457
Organizational Dues	-	4,117	-	4,117	4,997
Other Human Resource Costs	40,011	7,958	10,231	58,200	52,937
Payroll Taxes	15,370	2,539	2,880	20,789	22,248
Program Expenses	28,133	-	-	28,133	6,377
Repairs & Maintenance	-	12,370	-	12,370	7,020
Resource Development	-	-	6,719	6,719	6,346
Salaries & Wages	175,975	35,000	45,000	255,975	223,449
Staff Training & Development	-	4,201	-	4,201	3,265
Summer Food Service Program	44,351	-	-	44,351	35,682
Sponsored Events	9,309	-	-	9,309	5,423
Supplies	-	-	-	-	2,244
Transportation	11,957	-	-	11,957	9,674
Totals	\$ 378,320	\$ 92,844	\$ 86,751	\$ 557,915	\$ 446,357

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
Boys and Girls Club of North Central Louisiana, Inc.
Ruston, 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 Boys and Girls Club of North Central Louisiana, 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 21, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Boys and Girls Club of North Central Louisiana, 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 Boys and Girls Club of North Central Louisiana, 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 2012-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Boys and Girls Club of North Central Louisiana, 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 Audition Standards*.

Boys and Girls Club of North Central Louisiana, Inc.'s Response to Findings

Boys and Girls Club of North Central Louisiana, Inc.'s response to the finding in my audit is described in the accompanying schedule of findings and questioned costs. Boys and Girls Club of North Central Louisiana, 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.

Daglan A. Breun, LLC

Ruston, Louisiana
June 21, 2013

Boys and Girls Club of North Central Louisiana, Inc.
Schedule of Findings and Questioned Costs
For The Year Ended December 31, 2012

I have audited the financial statements of Boys and Girls Club of North Central Louisiana, Inc. as of and for the year ended December 31, 2012, and have issued my report thereon dated June 21, 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?

Boys and Girls Club of North Central Louisiana, Inc.
Schedule of Findings and Questioned Costs
For The Year Ended December 31, 2012

Section II- Financial Statement Findings

2012-01 – Controls over Credit Cards and Charge Accounts

Condition:

During the audit, it was noted that an employee authorized to make purchases with club credit cards and charge accounts had made various personal purchases during the period audited. Reimbursements were made in a timely manner.

Criteria:

Usage of credit cards and charge accounts increase the risk of fraud and unauthorized use of the organization's assets. In certain circumstances, it could be difficult to determine if purchases were for business or personal purposes.

Effect:

The result is the danger that unauthorized or personal usage of club accounts could be made and not detected in a timely manner.

Recommendation:

I recommend that the Board institute strict, written policies for credit card and charge account usage.

Response:

The Board has adopted a written policy prohibiting the personal use of Club credit cards or charge accounts.

Section III-Federal Award Findings and Question Costs

This section is not applicable for this entity.

Boys and Girls Club of North Central Louisiana, Inc.
Schedule of Prior Year Findings
For the Year Ended December 31, 2012

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

There were no prior year findings for the year ended December 31, 2011.

Management Letter

No management letter was issued.