

**BOYS AND GIRLS CLUB OF LAWRENCE
LAWRENCE, KANSAS**

**FINANCIAL STATEMENTS
For the year ended December 31, 2010**

And

INDEPENDENT AUDITORS' REPORT

KOHART ACCOUNTING, P.A.

A Professional Association • Certified Public Accountant

BOYS AND GIRLS CLUB OF LAWRENCE

Lawrence, Kansas

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The Board of Directors
Boys and Girls Club of Lawrence
Lawrence, KS 66044

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying statement of financial position of Boys and Girls Club of Lawrence (a nonprofit organization) as of December 31, 2010, and the related statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boys and Girls Club of Lawrence as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Kohart Accounting, PA

Kohart Accounting, PA
A Professional Association
Certified Public Accountant

June 16, 2011

BOYS AND GIRLS CLUB OF LAWRENCE

Lawrence, Kansas

STATEMENT OF FINANCIAL POSITION

As of December 31, 2010

Assets	
Current assets	
Cash and cash equivalents (Note 3)	\$ 839,113
Fees receivable, less allowance of \$57,494 (Note 4)	57,494
Grants receivable and due from others (Note 4)	20,270
Promise to give (Note 1)	127,203
Total current assets	<u>1,044,080</u>
Fixed assets	
Property, plant & equipment (Note 2)	471,016
Accumulated depreciation (Note 1)	<u>(194,540)</u>
Total fixed assets	<u>276,476</u>
Other assets	
Restricted cash & cash equivalents (Note 3)	3,904
Z series shares	<u>500</u>
Total other assets	<u>4,404</u>
Total assets	<u>\$ 1,324,960</u>
Liabilities and Net Assets	
Current Liabilities	
Payroll withholdings	\$ <u>-</u>
Total current liabilities	<u>-</u>
Net Assets	
Unrestricted	1,188,116
Temporarily restricted	132,440
Permanently restricted	<u>4,404</u>
Total net assets	<u>1,324,960</u>
Total liabilities and net assets	<u>\$ 1,324,960</u>

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

BOYS AND GIRLS CLUB OF LAWRENCE

Lawrence, Kansas

STATEMENT OF ACTIVITIES

For the year ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support				
Donations	\$ 31,372	\$ -	\$ -	\$ 31,372
Fundraising	103,492			103,492
Grants	927,058	127,203		1,054,261
Program fees	670,165			670,165
Assets released from restrictions	<u>497</u>	<u>(497)</u>		<u>-</u>
 Total support	 <u>1,732,584</u>	 <u>126,706</u>	 <u>-</u>	 <u>1,859,290</u>
 Revenues				
Interest income	5,059		1	5,060
Miscellaneous	<u>7,852</u>			<u>7,852</u>
 Total revenues	 <u>12,911</u>	 <u>-</u>	 <u>1</u>	 <u>12,912</u>
 Expenditures				
Program services	1,157,481			1,157,481
Support services management and general	299,636			299,636
Fundraising	<u>23,261</u>			<u>23,261</u>
 Total expenditures	 <u>1,480,378</u>	 <u>-</u>	 <u>-</u>	 <u>1,480,378</u>
 Change in Net Assets - Unrestricted	 <u>\$ 265,117</u>	 <u>\$ 126,706</u>	 <u>\$ 1</u>	 <u>\$ 391,824</u>

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

BOYS AND GIRLS CLUB OF LAWRENCE

Lawrence, Kansas

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2010

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 801,764	\$ 172,809	\$ 12,000	\$ 986,573
Payroll taxes	80,642	17,920	996	99,558
Fringe benefits	29,084	6,463	359	35,906
Fundraising supplies			9,906	9,906
Insurance	39,076	9,166		48,242
Professional services		5,867		5,867
Conferences and meetings	11,673	2,738		14,411
Memberships and subscriptions		11,424		11,424
Contracted staff	42,753			42,753
Supplies and fees	84,912			84,912
Supplies: office		21,316		21,316
Utilities	7,719	1,810		9,529
Telephone	11,723	2,750		14,473
Vehicle costs	19,333	4,535		23,868
Media		2,407		2,407
Buildings and grounds		34,143		34,143
Equipment maintenance	7,203	1,690		8,893
Scholarships	1,500			1,500
Juneteenth	497			497
Depreciation	19,602	4,598		24,200
Total Expenses	<u>\$ 1,157,481</u>	<u>\$ 299,636</u>	<u>\$ 23,261</u>	<u>\$ 1,480,378</u>

The accompanying notes to financial statements
are an integral part of this statement

BOYS AND GIRLS CLUB OF LAWRENCE

Lawrence, Kansas

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ 922,999	\$ 5,734	\$ 4,403	\$ 933,136
Change in net assets, unrestricted	<u>265,117</u>	<u>126,706</u>	<u>1</u>	<u>391,824</u>
Net assets, end of year	<u>\$ 1,188,116</u>	<u>\$ 132,440</u>	<u>\$ 4,404</u>	<u>\$ 1,324,960</u>

The accompanying notes to financial statements
are an integral part of this statement

BOYS AND GIRLS CLUB OF LAWRENCE

Lawrence, Kansas

STATEMENT OF CASH FLOWS

For the year ended December 31, 2010

Cash flows from operating activities	
Reconciliation of changes in net assets to net cash provided (used) by operating activities:	
Increase (decrease) in net assets	\$ 391,824
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	24,200
Changes in current assets and liabilities	
(Increase) decrease in fees receivable, grants receivable and promises to give	(143,898)
Increase (decrease) in payroll withholdings	<u>(84)</u>
Net cash provided (used) by operating activities	<u>272,042</u>
Cash flows from investing activities	
Purchase of depreciable assets	<u>(137,530)</u>
Net cash provided (used) by investing activities	<u>(137,530)</u>
Net increase (decrease) in cash for period	134,512
Cash as of beginning of period	<u>708,505</u>
Cash as of end of period	<u><u>\$ 843,017</u></u>
<u>Supplemental Information</u>	
Interest paid	<u><u>\$ -</u></u>
Income taxes paid	<u><u>\$ -</u></u>

The accompanying notes to financial statements
are an integral part of this statement

BOYS AND GIRLS CLUB OF LAWRENCE

Lawrence, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

Boys and Girls Club of Lawrence was organized in Douglas County, Kansas in 1972. The purpose of the Organization is to promote the health, social, educational, vocational, character, and leadership development of boys and girls.

These financial statements are prepared on the accrual basis. That is revenues are recorded when earned and expenses are recorded when incurred.

Financial Statement Presentation

In 2000, Boys and Girls Club of Lawrence adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, Boys and Girls Club of Lawrence is required to present a statement of cash flows. As permitted by this new statement, Boys and Girls Club of Lawrence has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required.

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 certain 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

Donations and Contributions

Boys and Girls Club of Lawrence utilizes SFAS No. 116 "Accounting for Contributions Received and Contributions Made", whereby contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restriction. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

BOYS AND GIRLS CLUB OF LAWRENCE

Lawrence, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (continued)

Equipment and Depreciation

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Depreciation recorded for the year ended December 31, 2010 was \$24,200.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to Boys and Girls Club of Lawrence that is, in substance, unconditional. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. All promises to give are valued at fair market value. All promises to give are deemed collectible. As of December 31, 2010, promises to give totaled \$127,203.

Income Tax Status

No income tax provision is made as the Organization is exempt from Federal income tax under section 501 (c) (3) of the Internal Revenue Code. Further, the Internal Revenue Service has determined that the Organization is not a private foundation within the meaning of Section 509 (a) of the Code because the Organization is described in Section 509 (a) (3).

BOYS AND GIRLS CLUB OF LAWRENCE

Lawrence, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Property and Equipment

Property and equipment are summarized by major classifications at December 31, 2010, as follows:

Trasportation	\$ 56,999
Buildings	239,004
Furniture and fixtures	147,319
Improvements	12,694
Land	<u>15,000</u>
	<u>\$ 471,016</u>

NOTE 3 – Cash and Credit Risk

Cash includes demand deposits and funds invested at market rates in interest bearing accounts. At year end, the Organization's carrying amount of deposits and cash on hand was \$842,725 and the bank balance was \$864,553. The difference between the bank balance and book balance is outstanding checks and deposits in transit. The Federal Deposit Insurance Corporation insures demand and time accounts up to \$250,000 per bank per account type. As of December 31, 2010, all organization funds were adequately insured by FDIC coverage.

On November 9, 2010, the FDIC issued a Final Rule implementing section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides for unlimited insurance coverage of noninterest-bearing transaction accounts. Beginning December 31, 2010, through December 31, 2012, all noninterest-bearing transaction accounts are fully insured, regardless of the balance of the account, at all FDIC-insured institutions. The unlimited insurance coverage is available to all depositors, including consumers, businesses, and government entities. This unlimited insurance coverage is separate from, and in addition to, the insurance coverage provided to a depositor's other deposit accounts held at an FDIC-insured institution.

BOYS AND GIRLS CLUB OF LAWRENCE

Lawrence, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – Accounts and Grants Receivable

Accounts and Grants Receivable is recorded at the amount the Organization expects to collect on balances outstanding at year-end. An allowance for doubtful accounts is deemed necessary to reflect the amount the Organization feels will be uncollectible. The allowance for doubtful accounts is \$57,494. Management closely monitors outstanding balances and writes off all balances deemed uncollectible at approximately May 31.

NOTE 5 – Compensated Absences

The Organization provides for sick and vacation leave. Sick leave accrues at one full day per month for salaried full-time staff and one-half day per month for salaried staff working 30 hours or less per week. Unused sick leave is not paid to the employee at the time of termination. Vacation leave accrues as follows: 10 days per year for the first five years, 15 days per year for the following years. Unused vacation time is forfeited at the end of each calendar year. Unused vacation time is paid at the time of termination. No provision is made for compensated absences in these financial statements.

NOTE 6 – Permanently Restricted

The permanently restricted fund balance of \$4,404 as of December 31, 2010, is to be used as an Art Endowment for \$3,904 and a permanently restricted donation to the Boys and Girls Club of America of \$500 as designated by the donor(s).

NOTE 7 – Risk Management

The Organization is exposed to various risks of loss related to limited torts, theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Organization carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

