

BOYS & GIRLS CLUB OF NATCHITOCHEs, INC.**ANNUAL FINANCIAL REPORT****DECEMBER 31, 2003**

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 10-27-04

Boys & Girls Club of Natchitoches, Inc.
Annual Financial Report
December 31, 2003

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Johnson, Thomas & Cunningham
Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1962-1996)

Mark D. Thomas, CPA – A Professional Corporation
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Boys & Girls Club of Natchitoches, Inc.
Natchitoches, Louisiana

We were engaged to audit the accompanying general purpose financial statements of the Boys & Girls Club of Natchitoches, Inc. as of and for the year ended December 31, 2003, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Club's management.

For the year ended December 31, 2003, the Club did not reconcile its bank accounts or its asset inventory to the general ledger. We were unable to reconstruct these reconciliations, and accordingly, were not able to extend our audit procedures beyond the amounts recorded for these accounts.

Since we were unable to audit the accounts referred to above, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on these general purpose financial statements.

The accompanying financial information listed as "Schedules" in the table of contents, including the Schedules of Expenditures of Federal Awards, is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. This information has also not been audited, and no opinion is being expressed thereon.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2004, on our consideration of the Boys & Girls Club of Natchitoches, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Johnson, Thomas & Cunningham
Johnson, Thomas & Cunningham, CPA's

October 4, 2004
Natchitoches, Louisiana

FINANCIAL STATEMENTS

Boys & Girls Club of Natchitoches, Inc.
Statement of Financial Position
December 31, 2003

| | |
|---|-------------------------|
| ASSETS: | |
| Cash | \$ 85,887 |
| Vehicles | 27,999 |
| Equipment | 32,806 |
| Less, Accumulated Depreciation | <u>(43,078)</u> |
| Total Assets | <u>\$103,614</u> |
| LIABILITIES: | |
| Payroll Taxes Payable | \$ 3,462 |
| NET ASSETS: | |
| Unrestricted | <u>100,152</u> |
| Total Liabilities & Net Assets | <u>\$103,614</u> |

See notes to financial statements.

Boys & Girls Club of Natchitoches, Inc.
Statement of Activities
For the Year Ended December 31, 2003

| | |
|---|------------------|
| Unrestricted Net Assets: | |
| Unrestricted Revenues- | |
| Grants- | |
| Dept. of Labor | \$ 42,354 |
| Dept. of Social Services | 281,136 |
| Dept. of Social Services-Teen Pregnancy | 55,730 |
| Dept. of Education | 219,149 |
| HACN R.A.Y.N.E | 3,050 |
| BCGA | 1,647 |
| BJA | 9,456 |
| Parish Drug Elimination | 18,095 |
| Miscellaneous- | |
| Fundraisers | 26,031 |
| Other | <u>42,431</u> |
| Total Unrestricted Revenues | <u>\$699,079</u> |
| Expenses: | |
| Salaries | \$382,562 |
| Office Supplies & Printing | 9,390 |
| Program Expenses | 133,544 |
| Telephone & Utilities | 9,713 |
| Travel/Training | 7,332 |
| Depreciation | 9,609 |
| Insurance | 47,967 |
| Postage | 1,050 |
| Other | <u>21,435</u> |
| Total Expense | <u>\$622,602</u> |
| Increase (Decrease) in Net Assets | \$ 76,477 |
| Net Assets-Beginning of Year | <u>23,675</u> |
| Net Assets-End of Year | <u>\$100,152</u> |

See notes to financial statements.

Boys & Girls Club of Natchitoches, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2003

| | |
|---|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Increase (Decrease) in Net Assets | \$76,477 |
| Adjustments to Reconcile Increases in Net Assets To Net Cash Provided by Operating Activities- | |
| Depreciation | 9,609 |
| Increase (Decrease) in Payroll Tax Liabilities | <u>(2,370)</u> |
| Net Cash Provided by (used by) Operating Activities | <u>\$83,716</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| New Equipment | \$ <u>(6,730)</u> |
| Net Cash Provided by (used by) Investing Activities | <u>\$ (6,730)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | |
| Net Cash Provided by (used by) Financing Activities | \$ <u>0</u> |
| Net Increase (Decrease) in Cash | \$76,986 |
| Cash-Beginning of Year | <u>8,901</u> |
| Cash-End of Year | <u>\$85,887</u> |
| Required Supplementary Information: | |
| Interest Paid During the Year | \$ <u>0</u> |

See notes to financial statements.

Boys & Girls Club of Natchitoches, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2003

| | |
|--|-------------------|
| BJA- | |
| Salaries | \$ 7,289 |
| Travel/Training | 169 |
| Program Supplies | <u>2,600</u> |
| Total | \$ <u>10,058</u> |
| Dept. of Labor- | |
| Salaries | \$ 9,888 |
| Printing | <u>3,000</u> |
| Total | \$ <u>12,888</u> |
| Dept. of Education/Dept. of Social Services- | |
| Salaries | \$288,290 |
| Utilities | 2,734 |
| Travel/Training | 4,551 |
| Lease | 15,140 |
| Telephone | 6,907 |
| Postage | 1,050 |
| Insurance | 47,967 |
| Printing | 2,418 |
| Program Supplies | 106,474 |
| Fuel | 54 |
| Office Supplies | <u>1,992</u> |
| Total | \$ <u>477,577</u> |
| City PHDEP- | |
| Salaries | \$ 2,738 |
| Telephone | 72 |
| Program Supplies | <u>240</u> |
| Total | \$ <u>3,050</u> |

Continued next page.

See notes to financial statements.

Boys & Girls Club of Natchitoches, Inc.
Statement of Functional Expenses (continued)
For the Year Ended December 31, 2003

| | |
|--|-------------------|
| Dept. of Social Services – Teen Pregnancy- | |
| Salaries | \$ 51,271 |
| Program Supplies | 2,530 |
| Travel | <u>1,929</u> |
| Total | \$ <u>55,730</u> |
| Parish PHDEP- | |
| Salaries | \$ 11,540 |
| Program Supplies | <u>6,604</u> |
| Total | \$ <u>18,144</u> |
| Weyerhaeuser Grant- | |
| Office Supplies | \$ 1,980 |
| Program Supplies | 1,044 |
| Equipment | <u>1,976</u> |
| Total | \$ <u>5,000</u> |
| Operations- | |
| Program Supplies | \$ 14,052 |
| Salaries/Related Payroll Expenses | 11,546 |
| Audit/Legal | 2,538 |
| Miscellaneous | 683 |
| Depreciation | 9,609 |
| Interest/Penalties | <u>1,727</u> |
| Total | \$ <u>40,155</u> |
| Total Expenses | \$ <u>622,602</u> |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Boys & Girls Club of Natchitoches, Inc.
Notes to Financial Statements
December 31, 2003

1. The Reporting Entity:

Boys & Girls Club of Natchitoches, Inc., was incorporated as a non-profit organization on April 27, 1989, under the laws of the State of Louisiana. The corporation was formed as a youth service agency to provide behavior guidance and to promote the health, social, educational, vocational and character development of youth in the city of Natchitoches and surrounding areas within the parish, with special concern for those from disadvantaged circumstances.

The corporation operates under a twenty-one member Board of Directors and is affiliated with the national organization, Boys and Girls Clubs of America, which assists the local clubs with fundraising, marketing, and training. The average number of youth participating in the Club is approximately 2,020 per year.

2. Summary of Significant Accounting Policies:

The accounting and reporting policies of Boys & Girls Club of Natchitoches, Inc. conform to generally accepted accounting principles as applicable to non-profit organizations, and are applied on a consistent basis between periods.

The following is a summary of certain significant accounting policies and practices:

- A. Financial Statement Presentation – The Club has 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, the Club is required to present a statement of cash flows. As permitted by the statement, the Club has discontinued its use of fund accounting.
- B. Basis of Accounting - The Club uses the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related fund liability is incurred. Purchases of various operating supplies are regarded as expenditures at the time purchased.
- C. Budgets and Budgetary Accounting - The Boys & Girls Club is not required to adopt a budget. Accordingly, no budget comparisons have been presented.
- D. Fixed Assets - Depreciation on all exhaustible fixed assets is charged as an expense against the operations of the Club. Assets are shown at cost. Depreciation has been provided over the estimated useful lives using the straight-line method. Accumulated depreciation at December 31, 2003, was \$43,078.

Boys & Girls Club of Natchitoches, Inc.
Notes to Financial Statements
December 31, 2003

- E. Unpaid Accumulated Vacation Pay - Employees of the Club may not carry forward unused vacation or sick time. Therefore, no accrual has been made for such pay.
- F. Cash Equivalents - For purposes of cash flows, cash equivalents include all highly liquid deposits and debt instruments acquired with maturities of three months or less.
- G. 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.

3. Changes in Fixed Assets:

The following is a summary of changes in fixed assets for the Club for the year ended December 31, 2003:

| | Balance <u>1-1-03</u> | <u>Additions</u> | Balance <u>12-31-03</u> |
|-----------------------|--------------------------|------------------|----------------------------|
| Machinery & Equipment | \$26,076 | \$6,730 | \$32,806 |
| Autos & Trucks | <u>27,999</u> | <u>0</u> | <u>27,999</u> |
| Totals | <u>\$54,075</u> | <u>\$6,730</u> | <u>\$60,805</u> |

4. Retirement Commitments:

The Club has no pension plan for its employees.

5. Lease Commitments:

There were no leases in effect during 2003.

6. Compensation Paid to Board Members:

The members of the Board of Directors receive no compensation for their services.

7. Cash and Investments:

At December 31, 2003, cash and cash investments totaled \$85,887. Of the amounts held in commercial banks, one hundred percent was covered by federal depository insurance.

Boys & Girls Club of Natchitoches, Inc.
Notes to Financial Statements
December 31, 2003

8. Income Taxes:

The corporation applied for and received tax-exempt status under I.R.C. section 501(c)(3). Accordingly, the Club pays no income taxes.

9. Unrestricted Net Assets:

None of the net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounting for as unrestricted assets under SFAS No. 117.

10. Contributions:

The Boys & Girls Club of Natchitoches, Inc. has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made". Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor imposed restrictions. However, as disclosed above, there were no donor-imposed restrictions during the year ended December 31, 2003.

INTERNAL CONTROL AND COMPLAINTS

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Certified Public Accountants

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REPORT ON COMPLIANCE AND ON THE INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of the
Boys & Girls Club of Natchitoches, Inc.
Natchitoches, Louisiana

We were engaged to audit the accompanying general purpose financial statements of the Boys & Girls Club of Natchitoches, Inc. as of and for the year ended December 31, 2003, and have issued our report thereon dated October 4, 2004. In our report, we issued a disclaimer of opinion due to deficiencies within the Club's accounting system.

Compliance

As part of obtaining reasonable assurance about whether the Boys & Girls Club of Natchitoches, Inc.'s general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as items 2003-01 and 2003-02.

Internal Control over Financial Reporting

In planning and performing our engagement, we considered the Boys & Girls Club of Natchitoches, Inc.'s internal control over financial reporting in order to determine our procedures for the purpose of attempting to express an opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Boys & Girls Club of Natchitoches, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 2003-03.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above to be material weaknesses.

This report is intended solely for the information of the Louisiana Legislative Auditor, management, others within the organization, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham
Johnson, Thomas & Cunningham, CPA's

October 4, 2004
Natchitoches, Louisiana

Johnson, Thomas & Cunningham
Certified Public Accountants

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of the
Boys & Girls Club of Natchitoches, Inc.
Natchitoches, Louisiana

Compliance

We were engaged to audit the compliance of the Boys & Girls Club of Natchitoches, Inc. with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2003. The Boys & Girls Club of Natchitoches, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Boys & Girls Club of Natchitoches, Inc.'s management.

For the year ended December 31, 2003, the Boys & Girls Club of Natchitoches, Inc. did not reconcile its bank accounts and asset inventory to the general ledger. We were unable to construct these reconciliations, and accordingly, were not able to extend our audit procedures beyond the amounts recorded for these accounts.

Since we were unable to audit the accounts referred to above, the scope of our work was not sufficient to enable us to express, and we do not express an opinion on the Boys & Girls Club of Natchitoches, Inc.'s compliance with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

Internal Control over Compliance

The management of the Boys & Girls Club of Natchitoches, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Boys & Girls Club of Natchitoches, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted two matters involving the internal control over compliance which are described in the accompanying Schedule of Findings and Questioned Costs as items 2003-01 and 2003-02, which we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, Board of Directors, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Johnson, Thomas & Cunningham
Johnson, Thomas & Cunningham, CPA's

October 4, 2004
Natchitoches, Louisiana

Boys & Girls Club of Natchitoches, Inc.
Schedule of Prior Year Findings
Year Ended December 31, 2003

Internal Control and Compliance Material to the Financial Statements

None

Internal Control and Compliance Material to Federal Awards

None

Management Letter

None

Boys & Girls Club of Natchitoches, Inc.
Schedule of Findings & Questioned Costs
Year Ended December 31, 2003

I. SUMMARY OF AUDITORS' RESULTS

The following summarizes the auditors' results in accordance with OMB Circular A-133:

1. A disclaimer of opinion was issued on the general purpose financial statements of the Boys & Girls Club of Natchitoches, Inc. as of and for the year ended December 31, 2003.
2. One reportable condition in internal control was disclosed by the audit of the financial statements for the year ended December 31, 2003, and this condition was considered to be a material weakness.
3. The audit disclosed two instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.
4. The audit disclosed one reportable condition in internal control over major programs.
5. A disclaimer of opinion was issued on compliance for major programs.
6. The audit did not disclose any finding related to federal awards that are required to be reported under OMB Circular A-133.
7. The following programs were major for the year ended December 31, 2003:
 - a. Department of Labor – Career Readiness
 - b. Department of Social Services – Community Response Initiative
8. \$300,000 was the threshold used to distinguish Type A from Type B programs.
9. The Boys & Girls Club of Natchitoches, Inc. did not qualify as a low-risk auditee.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Compliance

2003-01 *Condition*

The Boys & Girls Club of Natchitoches, Inc. failed to submit their annual financial statements within the required time period.

Boys & Girls Club of Natchitoches, Inc.
Findings and Questioned Costs - continued
Year Ended December 31, 2003

Criteria

Louisiana Revised Statutes require the Boys & Girls Club, Inc. to submit annual financial statements to the Louisiana Legislative Auditor within six (6) months of the end of its fiscal year.

Effect

The Boys & Girls Club of Natchitoches, Inc. is in violation of the Louisiana Audit Law.

Cause

The Club was unable to gather and provide the necessary information to the auditor in an appropriate time.

Recommendation

We recommend that the Club have all of its financial records completed and made available to its auditors within 45 days of its fiscal year end.

Reply

See Corrective Action Plan.

2003-02 Condition

The Boys & Girls of Natchitoches, Inc. entered into prohibited transactions with a business owned by a member of the Board of Directors.

Criteria

No board member or officer of the Boys & Girls of Natchitoches, Inc. shall participate in a transaction of which he or she has an economic interest.

Effect

The Boys & Girls of Natchitoches, Inc. is in direct violation of the Louisiana Code of Ethics and Louisiana Revised Statutes 42:113.

Cause

The Club has no controls in place to ensure compliance with conflict of interest issues.

Boys & Girls Club of Natchitoches, Inc.
Findings and Questioned Costs - continued
Year Ended December 31, 2003

Recommendation

We recommend that the Boys & Girls Club of Natchitoches, Inc. implement procedures to ensure all board members, officers, and/or employees of the Club comply with the Louisiana Code of Ethics. This can be accomplished by such persons signing statements acknowledging their understanding of compliance with Louisiana ethics statutes. In addition, the Club should consider the need to require all board members, officers, and employees to provide a complete list of all "identities of interest" in which he or she or a related party has a substantial economic interest.

Reply

See Corrective Action Plan.

Internal Control

2003-03 Condition

The Club's accounting system is not adequate to meet the needs required for financial reporting. For the year ended December 31, 2003, the Club's books and records were not being reconciled. Asset accounts, including cash and fixed assets were incorrectly stated – bank reconciliations were incomplete, subsidiary ledgers were not maintained, transactions were coded incorrectly or not posted, and the financial statements did not agree to the general ledger.

Criteria

There should be an adequate system in place to ensure that transactions and data are entered into the accounting system correctly and in a timely manner.

Effect

Certain accounts could not be verified and accounting records were not in condition to be audited.

Cause

The Boys & Girls Club of Natchitoches, Inc. has failed to implement a proper system of internal control and accounting.

Boys & Girls Club of Natchitoches, Inc.
Findings and Questioned Costs - continued
Year Ended December 31, 2003

Recommendation

We recommend that the Boys & Girls Club of Natchitoches, Inc. consider engaging an outside accountant to assist in improving the accounting system.

Reply

See Corrective Action Plan.

Boys & Girls Club of Natchitoches, Inc.
Supplementary Schedule of Expenditures of Federal Awards
Year Ended December 31, 2003

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Federal Assistance ID Number</u> | <u>Pass-Through Grantor's ID Number</u> | <u>Total Current Year Expenditures</u> | <u>Total Amount Provided to Subrecipients</u> |
|---|----------------------------|-------------------------------------|---|--|---|
| PASS THROUGH PROGRAMS: | | | | | |
| U.S. Department of Health & Human Services- | | | | | |
| LA Office of Family Support Community Response Initiative | 93.9999 | N/A | N/A | \$477,577 | \$0 |
| LA Department of Social Services Teen Pregnancy Prevention | 93.9999 | N/A | N/A | 55,730 | 0 |
| U.S. Department of Labor- | | | | | |
| LA Department of Labor LA Works | 17.263 | N/A | N/A | 12,888 | 0 |
| U.S. Department of Justice Boys & Girls Clubs of America | 16.592 | N/A | N/A | 10,058 | 0 |
| U.S. Department of Housing & Urban Development- | | | | | |
| Parish Housing Authority | 14.999 | N/A | N/A | 18,144 | 0 |
| City Housing Authority | 14.999 | N/A | N/A | <u>3,050</u> | <u>0</u> |
| Totals | | | | <u>\$577,447</u> | |



**BOYS & GIRLS CLUBS
OF NATCHITOCHES**

Boys & Girls Clubs
of Natchitoches
P.O. Box 2003
Natchitoches, LA 71457
Tel 318-352-0280
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Board of Directors
Marwood Jackson III
President

- John Arndt
- Peggy Bruden
- Colin Cook
- Reatha Cox
- Lisa Davidson
- Sharon Galtman
- Theresa Gilbert
- Ken Hays
- Charm Hontoby
- Shirley Victor Jones
- Hana Jordan
- Michael Langley
- Geophanie Mason
- Marion McKinney
- Linda Palmer
- Ed Scott
- Senator Mike Smith
- Rep. Byron Townsend
- Ed Ward, Jr.
- Mardy Williams
- Theresa M. Vollen
- Stachette Varnano

Dr. Gordon Coker
Lifetime Honorary Member

Leo Pacey
Past President

Chief Professional Officer
Sam Thomas

CORRECTIVE ACTION PLAN

Audit Firm: Johnson, Thomas & Cunningham

Audit Period: 12-31-03

Section I - Internal Control Structure Review

FINDING 2003-03.

A. Comments on Findings and Recommendations

The Club's accounting system is not adequate to meet the needs required for financial reporting.

B. Actions Taken or Planned

The Board intends to engage an outside accountant to assist in improving the accounting system.

C. Status of Corrective Actions on Prior Findings

Not applicable.

Section II - Compliance Review

FINDING 2003-01.

A. Comments on Findings and Recommendations

Annual audited financial statements were not submitted on a timely basis.

B. Action Taken or Planned

All information requested by the auditor will be made available within 45 days of year-end.

C. Status of Corrective Action on Prior Findings

Not applicable.

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John Brown Unit
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(318) 352-7251

Abbie Owen Unit
732 Adams Drive
(318) 364-0510

CORRECTIVE ACTION PLAN - continued

FINDING 2003-02.

A. Comments on Findings and Recommendations

The Club entered into prohibited transactions with a business owned by a member of the board of directors.

B. Action Taken or Planned

At the beginning of each year, the Club will require every board member, officer, and employee to sign an acknowledgement that they understand Revised Statutes prohibit any financial transactions in which they or a related party has an economic interest.

C. Status of Corrective Action on Prior Findings

Not applicable.

If the Oversight Agency has questions or comments regarding this plan, please call me at 318-352-6267.

Sincerely yours,

Norwood Jackson, III

Norwood Jackson, III
President