

BOYS AND GIRLS CLUB OF
NORTH LAKE TAHOE

Kings Beach, California

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

June 30, 2009 and 2008

BOYS AND GIRLS CLUB OF NORTH LAKE TAHOE

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INDEPENDENT AUDITORS' REPORT

To the Officers and Directors
Boys and Girls Club of North Lake Tahoe

We have audited the accompanying statements of financial position of Boys and Girls Club of North Lake Tahoe, Inc. as of June 30, 2009 and 2008, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Club's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position, results of operations and cash flows of the Boys and Girls Club of North Lake Tahoe as of June 30, 2009 and 2008, and for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

McClintock Accountancy Corporation

McCLINTOCK ACCOUNTANCY CORPORATION
Tahoe City, California
December 21, 2009

BOYS AND GIRLS CLUB OF NORTH LAKE TAHOE

Exhibit A

STATEMENTS OF FINANCIAL POSITION

June 30, 2009 and 2008

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
ASSETS						
Cash	\$ 339,705	\$ 314,115	\$ 653,820	\$ 165,168	\$ 505,202	\$ 670,370
Accounts receivable	-0-	-0-	-0-	29,250	-0-	29,250
Grants receivable	17,761	-0-	17,761	52,013	-0-	52,013
Contributions receivable, less unrestricted allowance for doubtful accounts of \$2,500 in 2009 and \$27,500 in 2008 (Note 4)	95,765	-0-	95,765	129,484	4,175	133,659
Prepaid expenses, deposits, and other assets	12,992	-0-	12,992	13,456	-0-	13,456
Due (to) from other funds	(251,954)	251,954	-0-	(51,953)	51,953	-0-
Property, furniture and equipment, net (Note 5)	73,776	3,026,940	3,100,716	88,235	3,116,267	3,204,502
Total Assets	\$ 288,045	\$ 3,593,009	\$ 3,881,054	\$ 425,653	\$ 3,677,597	\$ 4,103,250
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts payable	\$ 11,459	\$ -0-	\$ 11,459	\$ 22,031	\$ -0-	\$ 22,031
Accrued liabilities	30,811	-0-	30,811	38,590	-0-	38,590
Deferred income	12,647	-0-	12,647	8,862	-0-	8,862
Notes payable (Note 12)	53,881	-0-	53,881	95,029	-0-	95,029
Total Liabilities	108,798	-0-	108,798	164,512	-0-	164,512
NET ASSETS						
Unrestricted	179,247	-0-	179,247	261,141	-0-	261,141
Temporarily restricted (Note 6)	-0-	3,593,009	3,593,009	-0-	3,677,597	3,677,597
Total Net Assets	179,247	3,593,009	3,772,256	261,141	3,677,597	3,938,738
Total Liabilities and Net Assets	\$ 288,045	\$ 3,593,009	\$ 3,881,054	\$ 425,653	\$ 3,677,597	\$ 4,103,250

The accompanying notes are an integral part of these statements.

BOYS AND GIRLS CLUB OF NORTH LAKE TAHOE

Exhibit B

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2009 and 2008

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE						
Contributions and donations	\$ 288,723	\$ -0-	\$ 288,723	\$ 340,636	\$ -0-	\$ 340,636
Program and membership	193,041	-0-	193,041	170,213	-0-	170,213
Grants	225,906	-0-	225,906	243,899	-0-	243,899
Special events and other income	61,840	-0-	61,840	69,831	-0-	69,831
Interest income	-0-	6,038	6,038	-0-	11,531	11,531
Net assets released from restrictions: via Board resolution (Note 6)	-0-	-0-	-0-	-0-	-0-	-0-
Total Revenue	769,510	6,038	775,548	824,579	11,531	836,110
EXPENSES						
Program services						
Facilities, events, personnel, employee benefits	680,426	86,110	766,536	592,759	85,811	678,570
	680,426	86,110	766,536	592,759	85,811	678,570
Supporting services						
General and administrative	70,435	4,516	74,951	277,370	5,915	283,285
Fundraising	100,543	-0-	100,543	99,573	-0-	99,573
	170,978	4,516	175,494	376,943	5,915	382,858
Total Expenses	851,404	90,626	942,030	969,702	91,726	1,061,428
Decrease in Net Assets	(81,894)	(84,588)	(166,482)	(145,123)	(80,195)	(225,318)
EXCESS OF REVENUE OVER EXPENSES-CUMULATIVE						
Net Assets at Beginning of Year	261,141	3,677,597	3,938,738	406,264	3,757,792	4,164,056
Net Assets at End of Year	\$ 179,247	\$ 3,593,009	\$ 3,772,256	\$ 261,141	\$ 3,677,597	\$ 3,938,738

The accompanying notes are an integral part of these statements.

BOYS AND GIRLS CLUB OF NORTH LAKE TAHOE

Exhibit C

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2009 and 2008

Expenses	2009				2008			
	Program Services Program & Facilities	Supporting Services General and Administrative	Fund Raising	Total	Program Services Program & Facilities	Supporting Services General and Administrative	Fund Raising	Total
Salaries, wages and benefits	\$ 450,390	\$ 24,506	\$ 83,590	\$ 558,486	\$ 419,719	\$ 75,234	\$ 82,403	\$ 577,356
Depreciation	109,477	4,516	-	113,993	103,469	5,444	-	108,913
Outside services	37,900	14,027	-	51,927	7,786	68,119	1,663	77,568
Insurance	23,414	4,979	-	28,393	20,774	6,053	-	26,827
Bad debt	-	(8,125)	-	(8,125)	-	47,439	-	47,439
Telephone and internet	8,604	1,786	154	10,544	-	9,789	-	9,789
Professional fees	-	19,145	-	19,145	-	18,050	-	18,050
Equipment, supplies and fees	31,438	310	-	31,748	34,998	8,446	-	43,444
Dues and subscriptions	9,977	110	-	10,087	-	3,680	-	3,680
Travel and meals	4,160	1,712	178	6,050	5,787	6,985	1,117	13,889
Marketing	698	-	-	698	-	1,062	73	1,135
Office supplies and software	-	3,091	3,480	6,571	-	3,313	3,019	6,332
Printing, reproduction and postage	7,316	1,410	5,721	14,447	1,177	1,397	7,014	9,588
Board expenses	-	4,966	-	4,966	-	2,573	-	2,573
Utilities and building maintenance	24,984	-	-	24,984	34,404	-	-	34,404
Bank and credit card fees	-	1,573	-	1,573	-	2,203	-	2,203
Miscellaneous	26,743	1,195	30	27,968	9,638	18,918	746	29,302
Staff training and development	9,230	(250)	-	8,980	9,058	4,580	-	13,638
Food supplies	20,040	-	-	20,040	31,544	-	-	31,544
Special events	2,165	-	-	2,165	216	-	-	216
Fundraising events	-	-	7,390	7,390	-	-	3,538	3,538
	<u>\$ 766,536</u>	<u>\$ 74,951</u>	<u>\$ 100,543</u>	<u>\$ 942,030</u>	<u>\$ 678,570</u>	<u>\$ 283,285</u>	<u>\$ 99,573</u>	<u>\$ 1,061,428</u>

The accompanying notes are an integral part of these statements.

BOYS AND GIRLS CLUB OF NORTH LAKE TAHOE

Exhibit D

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2009 and 2008

	2009	2008
Decrease in Net Assets	\$ (166,482)	\$ (225,318)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation expense	113,994	108,915
Provision for bad debt	(8,125)	46,039
Loss on disposal of assets	-0-	14,741
Change in accounts and grants receivable	109,521	47,267
Change in prepaid expenses	464	(5,410)
Change in accounts payable	(10,572)	(1,394)
Change in accrued liabilities	(7,779)	(19,432)
Change in deferred revenue	3,785	5,497
Total Adjustments	<u>201,288</u>	<u>196,223</u>
Net Cash Provided by/(Used) for Operating Activities	<u>34,806</u>	<u>(29,095)</u>
Cash Flows from Investing Activities:		
Acquisition of property, furniture and equipment	(10,208)	(4,168)
Net Cash Used for Investing Activities	<u>(10,208)</u>	<u>(4,168)</u>
Cash Flows from Financing Activities:		
Increase in borrowings	-0-	27,167
Repayment of borrowings	(41,148)	-0-
Net Cash Provided by/(Used) for Financing Activities	<u>(41,148)</u>	<u>27,167</u>
Net Decrease in Cash	(16,550)	(6,096)
Cash, Beginning of the Year	<u>670,370</u>	<u>676,466</u>
Cash, End of the Year	<u>\$ 653,820</u>	<u>\$ 670,370</u>

The accompanying notes are an integral part of these statements.

BOYS AND GIRLS CLUB OF NORTH LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

1. Form of Organization

Boys and Girls Club of North Lake Tahoe (the "Club") was incorporated on June 26, 1997 in the state of Nevada. The Club was organized as a not for profit corporation for the purpose of promoting health, social, educational, vocational, and character development of boys and girls, without regard to race, color, creed, or national origin, in the North Shore area of Lake Tahoe. There are five core programs used to accomplish this purpose: Arts; Education and Career Development; Sports, Fitness and Recreation; Character and Leadership Development; and Health and Life Skills.

The mission of the Club is to inspire and enable all young people, especially those from disadvantaged circumstances, to realize their full potential as productive, responsible and caring citizens.

2. Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The financial statements of the Club have been prepared on the accrual basis of accounting. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) 117, "*Financial Statements of Not-for-Profit Organizations*." Under SFAS 117, the Foundation reports information regarding its financial position and activities according to three classes of net assets: Unrestricted net assets, temporarily restricted net assets (if any) and permanently restricted net assets (if any).

Contributions Received and Donated Services

Contributions received, including unconditional promises to give, are recorded as unrestricted, temporarily restricted, or permanently restricted support depending upon the existence and nature of any donor restrictions. When a restriction expires or is met, temporarily restricted net assets are released to unrestricted net assets. Donor restricted contributions that are received and met in the same reporting period are reported as unrestricted support.

Unconditional promises to give beyond one year are recorded at the net present value, if the resulting discount is material.

Donations of property, furniture and equipment (other than collections) are recorded at their estimated fair value at the time of donation. Such donations are reported as unrestricted gifts 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, furniture and equipment are reported as temporarily restricted net assets. The Club reclassifies these assets from temporarily restricted net assets to unrestricted assets when the donated or acquired assets are placed in service, absent donor stipulations.

BOYS AND GIRLS CLUB OF NORTH LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

Many individuals volunteer their time and perform a variety of tasks that assist the Club with program services and fundraising events. Certain amounts have been reflected in the financial statements for these donated services for volunteer time that meets the criteria for recognition under SFAS No. 116.

Functional Expenses

Expenses are charged to program, administrative, or fundraising based on a combination of specific identification and allocation by management.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Liquidity Presentation

In order to provide information about liquidity, assets have been sequenced according to their nearness to conversion to cash and liabilities have been sequenced according to the nearness of their maturity and resulting use of cash.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is created when an account's collectibility is uncertain. The Club invoices donors for promises to give every 30 days up to 90 days. At 120 days, reminder calls to donors are made. After 365 days without a response, an account's collectibility is considered uncertain and, subject to management approval, an allowance for doubtful accounts is created.

Cash and Cash Equivalents

Cash and cash equivalents include cash held in checking accounts.

Property, Furniture and Equipment and Depreciation

In general, property, furniture and equipment and costs are capitalized individually at \$1,000 and above and stated at cost. Gifts or contributions of property and equipment are recorded at the asset's fair market value at the time received. Depreciation is computed on the straight-line basis over the useful lives of the assets, 39 years for buildings and improvements, 3 to 5 years for furniture, fixtures, and equipment, and 5 years for vehicles. When items are disposed of, the cost and accumulated depreciation are eliminated from the records of account, and a gain or loss is reported in the change in net assets.

Income Taxes

The Club is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c) (3), and a similar exemption for California purposes. Unrelated business income, if any, is taxed at regular corporate tax rates.

BOYS AND GIRLS CLUB OF NORTH LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

3. Concentration of Credit Risk

The Club maintains accounts at a local bank. At June 30, 2009 and 2008, the aggregate balance of these accounts exceeded the federally insured limits by approximately \$0 and \$580,000, respectively.

4. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Club that is in substance, unconditional. Promises to give are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Promises to give included in contributions receivable at June 30, 2009 and 2008 are \$95,765 and \$133,659, respectively. Payments are due as follows:

	2009	2008
Less than 1 year	\$ 68,015	\$ 76,509
1-5 years	27,750	57,150
Total	\$ 95,765	\$ 133,659

5. Property, Furniture and Equipment

Property, furniture and equipment consist of the following at June 30, 2009:

	Unrestricted	Temporarily Restricted	Total
Property & equipment	\$ 189,903	\$ 1,000	\$ 190,903
Modular improvements	24,231	0	24,231
Building	0	3,522,736	3,522,736
	214,134	3,523,736	3,737,870
Less: accumulated depreciation	(180,733)	(496,796)	(677,529)
	33,401	3,026,940	3,060,341
Land	40,375	0	40,375
	\$ 73,776	\$ 3,026,940	\$ 3,100,716

BOYS AND GIRLS CLUB OF NORTH LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

Property, furniture and equipment consist of the following at June 30, 2008:

	Unrestricted	Temporarily Restricted	Total
Property & equipment	\$ 225,410	\$ 0	\$ 225,410
Modular improvements	24,231	0	24,231
Building	0	3,522,736	3,522,736
	249,641	3,522,736	3,772,377
Less: accumulated depreciation	(201,781)	(406,469)	(608,250)
	47,860	3,116,267	3,164,127
Land	40,375	0	40,375
	<u>\$ 88,235</u>	<u>\$ 3,116,267</u>	<u>\$ 3,204,502</u>

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

<u>Restricted to the following:</u>	2009	2008
Building maintenance	\$ 566,170	\$ 557,155
Building (net of depreciation)	3,026,839	3,116,267
Capital campaign receivables	-0-	4,175
Total Temporary Restricted Net Assets	<u>\$ 3,593,009</u>	<u>\$ 3,677,597</u>

Substantially all of the restrictions on net assets at the end of 2009 and 2008 are related to funds raised through the Capital Campaign, a drive to raise funds for the Club's share of the construction of the recreation building which was completed in 2003. The Club entered into a 60 year Joint Use Agreement with the Tahoe Truckee Unified School District ("The District"). Under this agreement, the District built a recreation building, which is used by both the District and the Club. The Club paid the District its portion of costs for the portion of the building used by the Club. Upon termination of the lease the title to the building reverts back to the District.

The Joint Use Agreement requires the establishment of a Major Maintenance Endowment in the amount of \$300,000 adjusted annually by the CPI to preserve the purchasing power of the fund. To meet that objective, the Board of Directors established a minimum fund balance of \$500,000 at June 30, 2007.

During 2008, the Board of Directors separated the building maintenance funds, appropriating \$300,000 specifically for compliance with the Joint Use Agreement and all remaining temporarily restricted funds for a reserve to be used to maintain the building. Funds from the reserve can be borrowed for other purposes, but must be paid back to the reserve with interest.

BOYS AND GIRLS CLUB OF NORTH LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

Interest income generated by temporarily restricted funds is available for appropriation by the Board of Directors.

7. Related Party Transaction

The Club operates under the umbrella organization Boys and Girls Club of America.

For the years ended June 30, 2009 and 2008, the Club's officers and Board of Directors & Governors, as a group, contributed current period income to the organization of approximately \$8,638 and \$21,425, respectively. Members of the Board of Directors have outstanding pledges to contribute \$7,200 and \$6,550 at June 30, 2009 and 2008, respectively. The income portion of these pledges was recognized in the current and prior years when pledged.

8. Contingent Liabilities

In 2003, Placer County entered into a 20 year agreement with North Tahoe Public Utility District ("County Agreement") regarding the use of park dedication fees in the amount of \$400,000. The agreement names Tahoe Truckee Unified School District ("The District") as fiscal agent of the funds on behalf of the Club and stipulates that the funds be used for recreational purposes.

The second amendment to the Joint Use Agreement with the District provides that if the Club changes the use of the building from the public use as specified in the County Agreement, the Club is responsible to return the funds according to a vesting schedule. At June 30, 2009 and 2008, the Club was responsible for approximately \$280,000 and \$300,000, respectively. At June 30, 2009, the Club has no intentions to change the use of the building.

9. Defined Contribution Plan

The Club maintains a defined contribution plan for its employees under IRC 404(c). The cost to the Club for the years ended June 30, 2009 and 2008 was \$15,763 and \$14,416 respectively.

10. Lease Obligation

In 2003, the Club had entered into lease agreements for the use and service of office equipment. Lease payments are determined on a monthly basis, and consist of a minimum payment of \$636 plus certain additional fees based on usage. For the year ended June 30, 2009 and 2008, rent expense was \$10,001 and \$10,440, respectively. Future minimum lease payments required are presented below:

BOYS AND GIRLS CLUB OF NORTH LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

Fiscal year ended June 30:

2010		\$	6,751
2011			7,230
2012			7,230
2013			7,230
2014			5,866
Thereafter			478
			\$ 34,785

11. Line of Credit

During the year ended June 30, 2007 the Club obtained a revolving unsecured line of credit from Bank of the West in the amount of \$250,000. The interest rate is prime plus 2.25%. At June 30, 2009 and 2008 there was no balance due on the line credit.

12. Note Payable

During the year ended June 30, 2007, the Club identified an outstanding liability owed to the Tahoe Truckee Unified School District, relating to the Joint Use Agreement. The Club is responsible for certain maintenance and utility expenses for the building for the period of the building lease.

As of June 30, 2008, the Club had received a bill from the District for maintenance and utility expenses dating back to 2003. This liability has been recognized and the Club has signed a note payable to the District.

The note payable is in the amount of \$53,881 and 0% interest. The note balance is scheduled to be repaid during fiscal year 2010.

13. Sources of Revenue

During the year ended June 30, 2009, the Club received approximately 39% of its funding from the following sources:

<u>Source</u>	<u>Type</u>	<u>Amount</u>	<u>Percentage</u>
North Tahoe PUD	Contract for Services	\$ 119,400	15%
CA Dept of Education	Grants	189,657	24%

During the year ended June 30, 2008, the Club received approximately 37% of its funding from the following sources:

<u>Source</u>	<u>Type</u>	<u>Amount</u>	<u>Percentage</u>
North Tahoe PUD	Contract for Services	\$ 117,000	14%
CA Dept of Education	Grant	189,987	23%

BOYS AND GIRLS CLUB OF NORTH LAKE TAHOE

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

14. Donated Services

The Club recognized approximately \$7,719 of revenue in 2009 and \$6,100 in 2008 for donated services. This revenue reflects the donated time of an education specialist who volunteers with the Power Hour tutoring program. If this service were not donated, the Club would hire a specialist for the program.

15. Subsequent Events

Subsequent events have been evaluated through December 21, 2009, the date that the statements were available for issuance.