

GRENVILLE BAKER BOYS & GIRLS CLUB, INC.

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

GRENVILLE BAKER BOYS & GIRLS CLUB, INC.

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TODRES & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditors' Report

The Board of Trustees
Grenville Baker Boys and Girls Club, Inc.

We have audited the accompanying statements of financial position of Grenville Baker Boys & Girls Club, Inc., (the "Club") as of December 31, 2008, and the related statements of activities and cash flows for the year 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 audit. The financial statements for the year ended December 31, 2007, were audited by other auditors whose report, dated April 28, 2008, expressed an unqualified opinion.

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 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 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 Grenville Baker Boys & Girls Club, Inc. at December 31, 2008, and the results of its activities and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.


Todres & Company, LLP

Westbury, New York
March 13, 2009

GRENVILLE BAKER BOYS & GIRLS CLUB, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2008 AND 2007

	<u>Assets</u>	
	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 140,024	\$ 91,748
Accounts receivable	40,175	73,097
Pledges receivable	132,827	252,799
Investments (Note 2)	8,702,599	12,396,398
Property, plant and equipment, less accumulated depreciation (Notes 1 and 3)	2,173,383	2,281,462
Prepaid expenses	9,938	6,872
	<u>\$ 11,198,946</u>	<u>\$ 15,102,376</u>

<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	\$ 23,072	\$ 149,550
Accrued expenses	68,635	96,433
Deferred revenue	10,600	57,035
Annuity obligations	1,049,274	1,327,026
	<u>1,151,581</u>	<u>1,630,044</u>
Net assets:		
Unrestricted	7,609,737	10,078,610
Temporarily restricted	237,967	646,580
Permanently restricted	2,199,661	2,747,142
	<u>10,047,365</u>	<u>13,472,332</u>
	<u>\$ 11,198,946</u>	<u>\$ 15,102,376</u>

- See notes to financial statements -

GRENVILLE BAKER BOYS & GIRLS CLUB, INC.

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and support:							
Donations	\$ 279,680	\$ 5,549	\$ -	\$ 198,346	\$ 52,400	\$ -	\$ 250,746
Grants	23,900	187,468	-	500	311,466	-	311,966
Special event revenue, net of direct expenses (Note 5)	509,362	-	-	603,763	-	-	603,763
Program fees	278,075	-	-	179,510	-	-	179,510
Other	-	158	-	1,616	2,170	-	3,786
Total revenues and support	1,091,017	193,175	-	983,735	366,036	-	1,349,771
Expenses:							
Program services	1,535,511	-	-	1,430,714	-	-	1,430,714
Supporting services:							
Management and general	172,143	-	-	253,160	-	-	253,160
Fundraising	293,076	-	-	279,370	-	-	279,370
Total expenses	2,000,730	-	-	1,963,244	-	-	1,963,244
(Decrease) in net assets from operations	(909,713)	193,175	-	(979,509)	366,036	-	(613,473)
Other income (expenses):							
Dividends and interest, net of expenses of \$63,086 and \$57,687 in 2008 and 2007, respectively	83,801	148,478	40,514	104,819	167,568	42,940	315,327
Realized (loss) gain on sale of investments	(72,342)	-	(34,043)	105,810	-	49,461	155,271
Unrealized increase (decrease) in market value of investments	(1,623,394)	(666,113)	(758,690)	273,239	120,126	112,337	505,702
Royalty income, net of related expenses of \$9,075 and \$0 in 2008 and 2007, respectively (Note 6)	465,185	-	-	-	-	-	-
Net assets reclassifications	(422,953)	218,215	204,738	397,963	(218,215)	(179,738)	-
Net assets released from restrictions	302,368	(302,368)	-	243,030	(243,030)	-	-
Actuarial loss on gift annuities	(78,969)	-	-	(345,610)	-	-	(345,610)
Depreciation	(175,545)	-	-	(174,780)	-	-	(174,780)
Total other income (expenses)	(1,521,849)	(601,768)	(547,481)	604,461	(173,551)	25,000	455,910
Increase (decrease) in net assets	(2,431,562)	(408,613)	(547,481)	(375,048)	192,485	25,000	(157,563)
Net assets:							
Beginning of year	10,078,610	646,580	2,747,142	10,453,656	454,095	2,722,142	13,629,895
Prior period adjustment (Note 7)	(37,311)	-	(37,311)	-	-	-	-
Beginning of year - restated	10,041,299	646,580	2,747,142	10,453,656	454,095	2,722,142	13,629,895
End of year	7,609,737	237,967	2,199,661	10,078,610	646,580	2,747,142	13,472,332

- See notes to financial statements -

GRENVILLE BAKER BOYS & GIRLS CLUB, INC.

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ (3,424,967)	\$ (157,563)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt	16,485	-
Actuarial loss on gift annuities	78,969	345,610
Net losses (gains) on investments	3,154,582	(660,973)
Depreciation	175,545	174,780
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	16,437	(25,192)
Pledges receivable	119,972	(24,912)
Prepaid expenses	(3,066)	(500)
Increase (decrease) in liabilities:		
Accounts payable	(126,478)	133,375
Accrued expenses	(27,798)	41,251
Deferred revenue	(46,435)	57,000
 Net cash (used for) operating activities	 (66,754)	 (117,124)
Cash flows from investing activities:		
Purchases of property and equipment	(67,466)	(160,662)
Purchases of investments	(3,142,797)	(1,355,858)
Sale of investments	3,682,014	1,841,247
 Net cash provided by investing activities	 471,751	 324,727
Cash flows from financing activities:		
Payments on gift annuity obligations	(356,721)	(318,638)
 Net increase (decrease) in cash and cash equivalents	 48,276	 (111,035)
 Cash and cash equivalents - beginning of year	 91,748	 202,783
 Cash and cash equivalents - end of year	 \$ 140,024	 \$ 91,748

- See notes to financial statements -

GRENVILLE BAKER BOYS & GIRLS CLUB, INC.

Notes To Financial Statements

December 31, 2008 and 2007

NATURE OF ORGANIZATION

Grenville Baker Boys & Girls Club, Inc. (the "Club"), a 501(c)3 not for profit organization, which was founded in 1950, was established to provide a positive place where young people can participate in productive activities while having fun and developing relationships with adults and peers. The Club uses programs and activities in five core areas to attract young people: 1) Character and Leadership Development; 2) Education and Career Development; 3) Health and Life Skills; 4) The Arts; and 5) Sports, Fitness, and Recreation. All school aged children are eligible for membership. The Club has its own independent board of directors made up of a cross-section of its local community leaders. It is a member organization of Boys & Girls Clubs of America.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of Grenville Baker Boys & Girls Club, Inc., have been prepared on the accrual basis of accounting. The Club's net assets, revenue and expenses and investment gains and losses are classified based on the existence or absence of donor imposed restrictions in accordance with Financial Accounting Standards Board ("FASB") Statement No. 117, *Financial Statements of Not-for-Profit Organizations*. It requires that the amounts for each of three classes of net assets; permanently restricted, temporarily restricted, and unrestricted be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The three classes of net assets are defined as follows:

- i. **Permanently restricted** - Net assets resulting from contributions and other inflows of assets whose use by the Fund is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Fund.
- ii. **Temporarily restricted** - Net assets resulting from contributions and other inflows of assets whose use by the Fund is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Fund pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities
- iii. **Unrestricted** - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations

GRENVILLE BAKER BOYS & GIRLS CLUB, INC.

Notes To Financial Statements

December 31, 2008 and 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Club considers all cash and highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments primarily consist of short term investments, stocks, and fixed-income investments. In accordance with the provisions of FASB Statement No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, the Club records its investments at fair value with changes in the fair value of investments recorded in the statement of activities. The fair value of the Club's investments is based on quoted market prices. Investment income or loss (including gains and losses on investment, interest and dividends) is included in the statement of activities as increases or decreases in the specific unrestricted or restricted net assets unless the income or loss is restricted by the donor or law. Specific identification is used in computing profit or loss on the sale of securities.

The Club's investments include funds subject to charitable gift annuities. Contribution revenues for charitable gift annuities are recognized at the date the agreement is established, net of the liability recorded for the present value of the future payments to be made to the respective donors. The present value of payments to beneficiaries is calculated using a 5% discount rate. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases of net assets on the statement of activities.

Tax Exempt Status

The Club is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. The reclassifications have no effect on the change in net assets for the year ended December 31, 2007.

GRENVILLE BAKER BOYS & GIRLS CLUB, INC.

Notes To Financial Statements

December 31, 2008 and 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bad Debts

The Club uses the direct write-off method to account for uncollectible receivables.

Revenues and Support

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 statement of activities as net assets released from restrictions.

Pledges are recorded ratably over the term of the pledge. Pledges that are expected to be collected over a term of longer than one year are recorded at the present value of anticipated future cash flows. Amortization of the discounts is included in contribution revenue. Pledges are charged to bad debt during the year that they are deemed to be uncollectible.

Gifts of property and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets are to be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Club reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services that create or enhance non-financial assets or that require specialized skills, are provided by those individuals possessing those skills, and would typically need to be purchased if not provided by donation are reported as contributed support.

Property, Plant and Equipment

Property, plant and equipment are reported at cost or, if donated, at fair value on the date of the gift. Expenditures for maintenance and repairs are charged to operations as incurred; significant renewals and betterments are capitalized.

Depreciation is computed using the straight-line method over the estimated useful life of the asset beginning in the year of acquisition.

GRENVILLE BAKER BOYS & GIRLS CLUB, INC.

Notes To Financial Statements

December 31, 2008 and 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment (continued)

When assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the operations for the period.

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 the reported amount 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.

NOTE 2 - INVESTMENTS

The investment portfolio at December 31, 2008 and 2007, consists of the following:

	<u>2008</u>	<u>2007</u>
Short term investments	\$ 1,174,425	\$ 1,001,267
Stocks	4,933,925	7,935,462
Fixed income investments	<u>2,594,249</u>	<u>3,459,669</u>
	<u>\$ 8,702,599</u>	<u>\$ 12,396,398</u>

Funds were withdrawn from the investment accounts during 2008 and 2007 as follows:

	<u>2008</u>	<u>2007</u>
Operations	\$637,000	\$583,190
Charitable Gift Annuity	<u>351,008</u>	<u>347,615</u>
	<u>\$988,008</u>	<u>\$930,805</u>

GRENVILLE BAKER BOYS & GIRLS CLUB, INC.

Notes To Financial Statements

December 31, 2008 and 2007

NOTE 3 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost, consist of the following:

	<u>2008</u>	<u>2007</u>
Land	\$ 74,581	\$ 74,581
Building and improvements	3,605,496	3,598,656
Furniture and equipment	339,328	280,052
Vehicles	56,994	56,994
Computers	109,776	108,426
	<u>4,186,175</u>	<u>4,118,709</u>
Less: Accumulated Depreciation	<u>2,012,792</u>	<u>1,837,247</u>
	<u>\$ 2,173,383</u>	<u>\$ 2,281,462</u>

Depreciation expense was \$175,545 and \$163,409 for the fiscal years ended December 31, 2008 and 2007, respectively.

NOTE 4 – PENSION PLAN

The Club participates in the Boys & Girls Clubs of America Master Pension Plan and Trust for its employees. The Club has its own Employer's Adoption Agreement to the plan. Employees become eligible to participate in the plan following the completion of one year of service to the Club and have attained age 21. The Club contributes 11% of the eligible participant employees' salary. Employees become vested under a two-six year graded schedule.

The Club's contributions to the retirement plan for the years ended December 31, 2008 and 2007, were \$68,643 and \$48,303, respectively.

GRENVILLE BAKER BOYS & GIRLS CLUB, INC.

Notes To Financial Statements

December 31, 2008 and 2007

NOTE 5 – SPECIAL EVENT REVENUE

Net special event revenue for the years ended December 31, 2008 and 2007, consisted of:

	<u>2008</u>			<u>Net</u>	<u>2007</u>
	<u>Contributions</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Special</u>	<u>Net</u>
				<u>Event</u>	<u>Special</u>
				<u>Income</u>	<u>Event</u>
					<u>Income</u>
Golf Tournament	\$ -	\$ -	\$ -	\$ -	\$ 40,211
Clothing Sale	-	122,047	(12,829)	109,218	103,106
Dinner Dance	362,675	170,850	(171,240)	362,285	437,049
Other	8,400	51,806	(22,347)	37,859	23,397
	<u>\$ 371,075</u>	<u>\$ 344,703</u>	<u>\$ (206,416)</u>	<u>\$ 509,362</u>	<u>\$ 603,763</u>

NOTE 6 – ROYALTY INCOME

In January 2008, an individual donated tracts of income-producing land located in Texas that is used for oil and gas operations. The value of the contribution and related asset will be recorded in the Club's financial statements when a fair market appraisal is completed. Royalty income from this gift is included in unrestricted assets and amounted to \$465,185 during the year ended December 31, 2008.

NOTE 7 – PRIOR PERIOD ADJUSTMENT

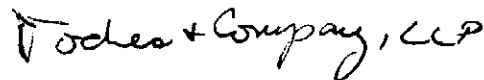
During the year ended December 31, 2008, it was determined that the net assets of the Club as of December 31, 2007 were overstated by \$37,311. This resulted from accounting errors that occurred in 2007 and 2006.

TODRES & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditors' Report on Supplementary Information

Our audit of the financial statements of Grenville Baker Boys & Girls Club, Inc., for the year ended December 31, 2008, was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 12 and 13 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Todres & Company, LLP

Westbury, New York
March 13, 2009

GRENVILLE BAKER BOYS & GIRLS CLUB, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2008</u>
Salaries	\$ 812,580	\$ 74,381	\$ 192,424	\$ 1,079,385
Payroll taxes and benefits	160,683	33,224	49,704	243,611
Occupancy	128,505	18,441	3,404	150,350
Telephone	5,216	3,381	3,009	11,606
Supplies	82,848	4,766	7,389	95,003
Printing and publications	8,148	1,114	7,668	16,930
Postage and shipping	6,418	1,502	4,323	12,243
Travel and transportaion	35,360	8,375	68	43,803
Advertising	6,071	204	1,273	7,548
Professional fees and contracted services	144,200	6,791	16,815	167,806
Scholarships	70,394	-	-	70,394
Bad debt expense	16,485	-	-	16,485
Membership dues and training	22,931	7,990	4,669	35,590
Miscellaneous expenses	10,549	11,105	1,446	23,100
Insurance	25,123	869	884	26,876
	<u>\$ 1,535,511</u>	<u>\$ 172,143</u>	<u>\$ 293,076</u>	<u>\$ 2,000,730</u>

- See independent auditors' report on supplementary information -

GRENVILLE BAKER BOYS & GIRLS CLUB, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2007</u>
Salaries and wages	\$ 760,831	\$ 81,386	\$ 175,120	\$ 1,017,337
Payroll taxes and benefits	159,937	17,108	36,813	213,858
Occupancy	156,069	10,210	3,187	169,466
Telephone	11,592	753	251	12,596
Supplies	87,168	29,529	12,431	129,128
Printing and publications	9,221	2,025	8,162	19,408
Postage and shipping	1,333	1,847	3,619	6,799
Travel and transportaion	10,503	15,683	4,843	31,029
Advertising	11,811	657	6,445	18,913
Professional fees and contracted services	119,618	48,919	20,041	188,578
Scholarships	7,116	50	-	7,166
Bad debt expense	-	-	-	-
Membership dues and training	26,087	2,331	3,227	31,645
Miscellaneous expenses	2,217	38,328	3,786	44,331
Insurance	67,211	4,334	1,445	72,990
	<u>\$ 1,430,714</u>	<u>\$ 253,160</u>	<u>\$ 279,370</u>	<u>\$ 1,963,244</u>

- See independent auditors' report on supplementary information -