

BOYS & GIRLS CLUB OF MERIDEN, INC.

STATE SINGLE AUDIT REPORTING PACKAGE
December 31, 2008 and 2007

BOYS & GIRLS CLUB OF MERIDEN, INC.

December 31, 2008

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R. J. CARABETTA & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
35 PLEASANT STREET
MERIDEN, CONNECTICUT 06450

To the Board of Trustees
Boys & Girls Club of Meriden, Inc.
Meriden, CT 06451

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements of financial position of the Boys & Girls Club of Meriden, Inc. (a nonprofit organization) as of December 31, 2008 and 2007 and the related statements of activities, functional expenses and cash flows, for the years then ended. These financial statements are the responsibility of the Boys & Girls Club of Meriden, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America, standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Connecticut State Single Audit Act. 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 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 the Boys & Girls Club of Meriden, Inc., as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Boys & Girls Club of Meriden, Inc. taken as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the Connecticut State Single Audit Act and the 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit 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.

R. J. Carabetta & Company P.C.

June 30, 2009

BOYS & GIRLS CLUB OF MERIDEN, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2008 and 2007

	2008	2007
ASSETS		
Current Assets		
Cash	\$ 141,836	\$ 151,326
Prepaid insurance	3,913	-
Camp pledges receivable	25,900	58,567
Total current assets	171,649	209,893
Long-term investments, permanently restricted		
Endowment	603,185	839,832
Memorial fund	242,439	321,202
Perpetual trusts	1,057,163	1,435,741
Property and equipment, net of accumulated depreciation	2,998,573	3,069,626
Total assets	\$ 5,073,009	\$ 5,876,294
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 1,617	\$ 1,323
Notes payable - credit line	56,965	325,766
Total liabilities	58,582	327,089
Net assets		
Unrestricted	2,778,302	2,603,820
Temporarily restricted	260,728	270,000
Permanently restricted	1,975,397	2,675,385
Total net assets	5,014,427	5,549,205
Total liabilities and net assets	\$ 5,073,009	\$ 5,876,294

See accompanying notes to financial statements.

BOYS & GIRLS CLUB OF MERIDEN, INC.
STATEMENTS OF ACTIVITIES
For the year ended December 31, 2008
(With comparative totals for 2007)

	TEMPORARILY PERMANENTLY			2008	2007
	UNRESTRICTED	RESTRICTED	RESTRICTED	TOTAL	TOTAL
REVENUES AND SUPPORT					
United Way contribution	\$ 32,239	\$ -	\$ -	\$ 32,239	\$ 44,030
Contributions	146,289	-	6,562	152,851	266,522
Special fund raising events	18,790	-	-	18,790	22,895
Less direct event costs	(2,698)	-	-	(2,698)	(8,869)
Other United Way	8,301	-	-	8,301	6,651
State bond funds	300,000	-	-	300,000	-
Grants and foundations	267,019	20,728	-	287,747	263,596
Membership dues	33,374	-	-	33,374	33,156
Program service fees					
Day camp	75,918	-	-	75,918	92,676
Other	20,635	-	-	20,635	20,047
Sales - concession	11,513	-	-	11,513	17,048
Less cost of goods (Note 11)	-	-	-	-	(14,476)
Trusts - perpetual	61,297	-	-	61,297	68,092
Endowment - income	28,535	-	-	28,535	57,549
Interest income	467	-	-	467	1,024
Rental	52,299	-	-	52,299	38,454
Market value gain (loss)	-	-	(678,075)	(678,075)	70,962
Grant - Cuno Day Camp	19,058	-	-	19,058	19,320
Net assets released from restrictions					
Discretionary - endowments	15,598	-	(15,598)	-	-
Satisfactions of time requirements	30,000	(30,000)	-	-	-
Total revenues and support	<u>1,118,634</u>	<u>(9,272)</u>	<u>(687,111)</u>	<u>422,251</u>	<u>998,677</u>
EXPENSES					
Program Services					
Character and leadership	46,320	-	-	46,320	72,290
Sports/fitness/nutrition/recreation	235,577	-	-	235,577	251,648
Education and career development	194,618	-	-	194,618	170,129
Health and life skills	64,605	-	-	64,605	52,151
Arts	67,642	-	-	67,642	76,697
Day camp	151,648	-	-	151,648	161,511
Supporting services					
Management and general	89,519	-	-	89,519	73,851
Fund raising	72,556	-	-	72,556	57,233
Bad debt expense	21,667	-	-	21,667	
Investment fees	-	-	12,877	12,877	28,481
Total expenses	<u>944,152</u>	<u>-</u>	<u>12,877</u>	<u>957,029</u>	<u>943,991</u>
Change in net assets	174,482	(9,272)	(699,988)	(534,778)	54,686
Net assets - beginning of year as restated - Note 10	<u>2,603,820</u>	<u>270,000</u>	<u>2,675,385</u>	<u>5,549,205</u>	<u>5,494,519</u>
Net assets - end of year	<u>\$ 2,778,302</u>	<u>\$ 260,728</u>	<u>\$ 1,975,397</u>	<u>\$ 5,014,427</u>	<u>\$ 5,549,205</u>

See accompanying notes to financial statements.

BOYS & GIRLS CLUB OF MERIDEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2008

	Character and Leadership	Sports/Fitness/ Nutrition/ Recreation	Education and Career Development	Health and Life Skills	Arts	Day Camp	Total Program	Management and General	Fund-Raising	Total
Payroll	\$ 20,557	\$ 101,381	\$ 88,099	\$ 30,985	\$ 29,849	\$ 66,832	\$ 337,703	\$ 53,131	\$ 59,544	\$ 450,378
Payroll taxes	1,651	8,144	7,077	2,489	2,398	5,369	27,128	4,539	5,207	36,874
Employee benefits	3,769	20,462	17,770	5,384	6,461	3,936	57,782	21,015	5,004	83,801
Total Personnel	25,977	129,987	112,946	38,858	38,708	76,137	422,613	78,685	69,755	571,053
Professional fees	2,444	14,199	8,825	3,165	2,799	2,463	33,895	3,701	-	37,596
Supplies	4,766	12,280	7,116	4,766	5,418	1,914	36,260	498	255	37,013
Communications	128	699	607	184	220	300	2,138	153	150	2,441
Postage and shipping	53	288	250	76	91	100	858	101	200	1,159
Occupancy	3,901	20,792	18,068	5,536	6,626	7,167	62,090	1,503	302	63,895
Equipment expense	319	1,736	1,506	456	547	-	4,564	351	120	5,035
Printing	412	2,241	1,946	599	707	148	6,043	401	800	7,244
Advertising	63	342	297	90	108	395	1,295	-	-	1,295
Travel	160	872	757	229	277	10,789	13,084	-	-	13,084
Meetings and training	250	-	4,924	-	-	-	5,174	-	-	5,174
Interest	777	4,180	3,663	1,100	700	255	10,675	1,006	375	12,056
Insurance	1,764	9,576	8,316	2,520	3,026	9,000	34,202	1,001	300	35,503
Awards	357	-	2,500	-	-	-	2,857	-	-	2,857
National dues	671	3,642	3,163	958	1,152	1,000	10,586	151	-	10,737
Miscellaneous	152	828	719	218	267	478	2,662	209	-	2,871
Subtotal-services	42,194	201,662	175,603	58,745	60,646	110,146	648,996	87,760	72,257	809,013
Depreciation	4,126	33,915	19,015	5,860	6,996	41,502	111,414	1,759	299	113,472
	\$ 46,320	\$ 235,577	\$ 194,618	\$ 64,605	\$ 67,642	\$ 151,648	\$ 760,410	\$ 89,519	\$ 72,556	\$ 922,485

See accompanying notes to financial statements.

BOYS & GIRLS CLUB OF MERIDEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2007

	Character and Leadership	Sports/Fitness/ Nutrition/ Recreation	Education and Career Development	Health and Life Skills	Arts	Day Camp	Total Program	Management and General	Fund-Raising	Total
Payroll	\$ 33,826	\$ 96,265	\$ 88,310	\$ 24,152	\$ 36,012	\$ 70,531	\$ 349,096	\$ 39,305	\$ 39,816	\$ 428,217
Payroll taxes	2,878	8,192	7,515	2,055	3,064	6,002	29,706	3,345	3,388	36,439
Employee benefits	3,996	14,387	21,582	3,996	6,394	11,989	62,344	8,792	8,792	79,928
Total Personnel	40,700	118,844	117,407	30,203	45,470	88,522	441,146	51,442	51,996	544,584
Professional fees	2,945	18,670	6,552	928	2,933	105	32,133	12,686	-	44,819
Supplies	1,103	11,534	1,571	1,101	1,672	4,425	21,406	1,834	912	24,152
Communications	273	273	273	273	273	300	1,665	496	300	2,461
Postage and shipping	112	490	112	70	70	140	994	70	336	1,400
Occupancy	5,127	25,632	9,228	3,589	5,639	9,530	58,745	1,538	513	60,796
Equipment expense	1,182	5,910	2,127	827	1,300	-	11,346	355	118	11,819
Printing	565	1,694	1,017	565	565	113	4,519	226	903	5,648
Travel	2,692	115	115	115	115	8,679	11,831	693	115	12,639
Meetings and training	-	-	4,239	-	-	-	4,239	32	517	4,788
Interest	2,679	13,393	4,822	1,875	2,947	-	25,716	802	268	26,786
Insurance	5,408	13,518	6,750	5,408	5,408	7,205	43,697	1,097	453	45,247
Awards	-	-	-	99	-	2,500	2,599	-	-	2,599
National dues	1,487	1,487	1,487	1,487	1,487	1,487	8,922	175	-	9,097
Miscellaneous	746	3,734	1,342	522	820	-	7,164	224	75	7,463
Subtotal-services	65,019	215,294	157,042	47,062	68,699	123,006	676,122	71,670	56,506	804,298
Depreciation	7,271	36,354	13,087	5,089	7,998	38,505	108,304	2,181	727	111,212
	\$ 72,290	\$ 251,648	\$ 170,129	\$ 52,151	\$ 76,697	\$ 161,511	\$ 784,426	\$ 73,851	\$ 57,233	\$ 915,510

BOYS & GIRLS CLUB OF MERIDEN, INC.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (534,778)	\$ 54,686
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	113,472	111,212
Unrealized (gain)/loss on investments	678,075	(70,962)
		-
(Increase)/decrease in operating assets		
Prepaid expenses	(3,913)	-
Pledges receivable	32,667	100,190
Increase/(decrease) in operating liabilities		
Accounts payable and accrued expenses	294	(1,209)
Net cash provided by operating activities	285,817	193,917
CASH FLOWS FROM INVESTING ACTIVITIES		
Work in process - camp facility	(42,039)	(89,115)
Repayment on endowment loan	(6,000)	-
Proceeds from sales/(purchases) of securities, net	12,497	14,308
Decrease/(increase) in permanently restricted endowment funds	9,036	(106,154)
Net cash used by financing activities	(26,506)	(180,961)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of bank credit lines	80,250	233,466
Payments on bank credit lines	(349,051)	(110,247)
Payments on installment note	-	(152,384)
Net cash used by financing activities	(268,801)	(29,165)
Increase (decrease) in cash for the year	(9,490)	(16,209)
Cash beginning of year	151,326	167,535
Cash end of year	\$ 141,836	\$ 151,326
SUPPLEMENTAL DATA		
Interest paid	\$ 12,056	\$ 26,786

See accompanying notes to financial statements.

BOYS & GIRLS CLUB OF MERIDEN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Boys & Girls Club of Meriden, Inc. ("the Club") serves youth ages 6 - 18 to provide the community's youth with programs and facilities for their recreational and social development. The Club's support comes from donor contributions, various foundation and government grants, program service fees, endowment income, and fundraising events.

The Club was formed as a nonprofit organization under the Nonstock Corporation Act of the State of Connecticut. It is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, and is a publicly supported organization under sections 170 and 509(a)(3).

Financial Statement Presentation

As a nonprofit organization, the Club 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.

Revenues and Support

The financial statements of the Club have been prepared utilizing the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

The Club records contributions as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Grants and contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use or purpose of the donation. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported accordingly in the statement of activities. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Endowment contributions and investments whose principal must be maintained intact per donor stipulations are considered permanently restricted net assets. Investment earnings that are used for operations are recorded in unrestricted net assets. Investment earnings not distributed or used in the year earned are recorded in permanently restricted net assets, per donor stipulations.

The Club recognizes contributions, including contributed services meeting certain criteria, at fair value. The Club uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

In-Kind Contributions

The Club receives a significant amount of donated services from unpaid volunteers who assist in tutoring, fund raising and special projects. No amounts have been recognized in the statement of activities in 2008 or 2007 because the criteria for recognition under SFAS No. 116 has not been satisfied.

BOYS & GIRLS CLUB OF MERIDEN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 1: (Continued)

Membership and Program Revenues

In order to provide services to all young people, regardless of economic background, the Club accepts third party payments and scholarships, and these are included in membership and program fees.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Club considers all cash on hand, and cash in operating accounts, to be cash or cash equivalents. Cash in money market accounts in endowment funds is reported as investments.

Investments

Investments are carried at fair value in the statement of financial position and are classified as unrestricted, temporarily restricted, or permanently restricted based on donor stipulations. Realized and unrealized gains and losses are reflected in the statement of activities as changes in net assets.

Property and Equipment

Property and equipment are recorded at cost if purchased and at fair value if donated. Maintenance is expensed as incurred. Assets over \$2,500 that have an estimated useful life of twelve months or longer are capitalized using straight-line depreciation over their estimated service lives, per standards applicable to nonprofit entities, as follows:

Buildings	31 - 40 years
Pool complex	30 years
Other property & equipment	7 - 31 years
Vehicle and computers	5 years

Functional Expense Reporting

The cost of providing program and supporting services have been summarized by function in the statement of activities, and reported in more detail in the schedule of functional expenses, based on internal records and estimates developed by management.

Advertising

The Club expenses advertising costs as they are incurred. Advertising costs are reported in the statement of functional expenses, or, if minimal, they are included in 'miscellaneous expenses' on the Statement of Functional Expenses.

Compensated Absences

Employees of the Club are entitled to paid vacation, depending on length of service. Employees are required to use their vacation annually by December 31st, with no carryover provision, and accordingly, no liability has been recorded in the accompanying financial statements.

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. Actual results could differ from those estimates.

BOYS & GIRLS CLUB OF MERIDEN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 2: INVESTMENTS

Investments consist of permanently restricted endowment accounts and permanently restricted beneficial interests in various perpetual trusts. The underlying assets in the endowments and trusts are portfolios consisting of cash and equivalents, government securities, publicly traded debt and equity securities and money market accounts.

Investments are summarized as follows:

	Cost	Fair Value	Carrying Value
	December 31, 2008		
Endowment funds (at market)			
Cash and equivalents	\$ 80,635	\$ 80,634	\$ 80,634
Equity securities	117,369	117,068	117,068
Corporate debt securities	212,729	224,882	224,882
Mutual funds	348,712	215,515	215,515
Fixed income funds	215,625	207,525	207,525
Total of endowments	<u>975,070</u>	<u>845,624</u>	<u>845,624</u>
Perpetual trusts (present value)	n/a	1,057,163	1,057,163
Total investments		<u>\$ 1,902,787</u>	<u>\$ 1,902,787</u>
		December 31, 2007	
Endowment funds (at market)			
Cash and equivalents	\$ 70,332	\$ 70,332	\$ 70,332
Government securities	19,960	19,994	19,994
Equity securities	231,815	358,466	358,466
Corporate debt securities	162,218	162,443	162,443
Mutual funds	379,108	388,940	388,940
Fixed income funds	160,000	160,859	160,859
Total of endowments	<u>1,023,433</u>	<u>1,161,034</u>	<u>1,161,034</u>
Perpetual trusts (present value)	n/a	1,435,741	1,435,741
Total investments		<u>\$ 2,596,775</u>	<u>\$ 2,596,775</u>

The following schedule summarizes the investment return and its classification in the statement of activities:

	2008		
	Unrestricted	Permanently	Total
		Restricted	
Perpetual trusts	\$ 61,297	\$ -	\$ 61,297
Endowments	28,535	-	28,535
Market loss	-	(678,075)	(678,075)
Total return	<u>\$ 89,832</u>	<u>\$ (678,075)</u>	<u>\$ (588,243)</u>
	2007		
	Unrestricted	Permanently	Total
		Restricted	
Perpetual trusts	\$ 68,092	\$ -	\$ 68,092
Endowments	43,477	14,072	57,549
Market gain	-	70,962	70,962
Total return	<u>\$ 111,569</u>	<u>\$ 85,034</u>	<u>\$ 196,603</u>

BOYS & GIRLS CLUB OF MERIDEN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 3: PLEDGES AND GRANTS RECEIVABLE

The camp drive, which began in June 2004, generated \$ 728,419 in pledges. As of December 31, 2008, \$680,852 was collected. In 2008, \$21,667 was written off as uncollectible, leaving a balance of \$25,900 which the Club believes is collectible.

In 2008 the Club received a \$300,000 grant award from the State of Connecticut Department of Social Services for debt reduction on the Club's expansion projects. The total award was received in 2008, and it was recorded as unrestricted revenue in 2008 as there was no lien requirement on this award.

NOTE 4: PROPERTY AND EQUIPMENT AND RELATED DEPRECIATION

Details of property and equipment are as follows:

	2008	2007
Work in process - camp facility	\$ 14,962	\$ 32,913
Gym complex	2,391,056	2,391,056
Building	408,141	408,088
Outdoor pool facility	1,220,284	1,160,347
Other property and equipment	176,407	176,407
Land and improvements	43,199	43,199
	4,254,049	4,212,010
Less accumulated depreciation	1,255,476	1,142,384
Net book value	\$ 2,998,573	\$ 3,069,626

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

The Club received \$300,000 of state bond funds for its camp improvement projects. Use is restricted for a 10 year period, with restrictions expiring ratably at 10% per year. In 2007, camp improvements made with bond funds were placed in service. In 2008 and 2007, \$30,000 was released from temporarily restricted net assets in each year. In 2008, the Club received grants totaling \$20,728 restricted to programs for 2009 and beyond. Transactions during 2008 are reported in the schedule of activities as changes in temporarily restricted net assets.

NOTE 6: PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of donor-restricted endowments and beneficial interests in various donor-restricted perpetual trusts. All investments are professionally managed by various trusts and foundations in accordance with donor stipulations and Connecticut state law regarding charitable funds. Distributions to the Club are reported in the statement of activities as increases in unrestricted net assets (revenue and gains) or decreases in permanently restricted net assets (losses and discretionary distributions by endowment trustees per state law). The permanently restricted net assets as of December 31, 2008 and 2007, are summarized as follows:

	2008	2007
Perpetual trusts - at present value	\$ 1,057,163	\$ 1,435,741
Endowment investments at fair market value	845,624	1,161,034
Club's advances from endowment fund (Note 8):		
Note payable, due by 2011	46,000	52,000
Advance - prior	26,610	26,610
	\$ 1,975,397	\$ 2,675,385

BOYS & GIRLS CLUB OF MERIDEN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 7: FAIR VALUE MEASUREMENTS

Endowment portfolios are valued at quoted market prices. Beneficial interests in perpetual trusts and pledges receivable are based on estimated future cash flows. Fair values of assets measured on a recurring basis at December 31, 2008 and 2007 are as follows:

	<u>Fair Value Measurements at Reporting Dates Using</u>		
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>December 31, 2008</u>			
Beneficial interests in perpetual trusts	\$ 1,057,163	\$ -	\$ 1,057,163
Endowment Investments	845,624	845,624	-
Camp pledges receivable	25,900	-	25,900
Total	<u>\$ 1,928,687</u>	<u>\$ 845,624</u>	<u>\$ 1,083,063</u>
<u>December 31, 2007</u>			
Beneficial interests in perpetual trusts	\$ 1,435,741	\$ -	\$ 1,435,741
Endowment Investments	1,161,034	1,161,034	-
Camp pledges receivable	58,567	-	58,567
Total	<u>\$ 2,655,342</u>	<u>\$ 1,161,034</u>	<u>\$ 1,494,308</u>

Reconciliation of change in value of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

Beneficial interest in perpetual trusts

January 1, 2007 - fair value	\$ 1,290,892
Donor contributions to principal	99,000
Income - dividends and realized gains	68,092
Income distribution to beneficiary (Club)	(68,092)
Market gain 2007	45,849
December 31, 2007	<u>1,435,741</u>
Income - dividends and realized gains	61,297
Income distribution to beneficiary (Club)	(61,297)
Market loss 2008	(378,578)
December 31, 2008	<u>1,057,163</u>

Camp pledges receivable

January 1, 2007	\$ 156,167
Collections	(97,600)
December 31, 2007	<u>58,567</u>
Collections	(11,000)
Determined uncollectible	(21,667)
December 31, 2008	<u>25,900</u>

BOYS & GIRLS CLUB OF MERIDEN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007

NOTE 8: NOTES PAYABLE

On April 5, 2007, the Club consolidated its mortgage and \$300,000 line of credit into a single \$500,000 demand line of credit, with a variable interest rate of prime less 1/2% to fund major capital projects, and cash flow as needed. As of December 31, 2008, the line of credit had the following balances:

	<u>Interest Rate</u>	<u>Used at year end</u>	<u>Available</u>
Webster Bank	2.75%	\$ 56,965	\$ 443,035

As security for the credit line, the lender has a first priority lien on the Club's assets.

The Endowment Fund is due \$46,000 on a note payable and has an advance of \$26,610 (Note 6). The Club is continuing its pledge drives in order to repay these obligations. On the statement of financial position, the Endowment Fund is shown net of the note payable.

NOTE 9: PENSION PLAN

The Club participates in a defined contribution money purchase pension plan sponsored by Boys Clubs of America. The plan covers all full time employees over age 21 with one year of service and requires contributions of 10% of eligible payroll per year. Contributions to the plan were \$27,202 and \$22,284 for 2008 and 2007, respectively, and are included in employee benefits in the schedules of functional expenses.

NOTE 10: PRIOR PERIOD ADJUSTMENTS

In 2008, the Club received details concerning a beneficial interest in a newly created perpetual trust made to a community foundation on its behalf. The donor contributed \$83,020 at the end of 2006, \$99,000 at the end of 2007, and the foundation made a distribution of income to the Club in 2008. Underlying assets are held in marketable securities. The value of the investment, earnings for the years 2008 and 2007, and the distribution of income in 2008 are included in these financial statements. Beginning net assets for the years 2008 and 2007 have been restated as follows to reflect the contributions and changes in market value of the investment.

<u>For the year ended December 31, 2006</u>		
Net assets as previously reported, December 31, 2006		\$ 5,411,499
Adjustment: beneficial interest in perpetual trusts - contribution		83,020
Net assets as restated, December 31, 2006/January 1, 2007		\$ 5,494,519
<u>For the year ended December 31, 2007</u>		
Net assets as previously reported, December 31, 2007		\$ 5,346,529
Adjustment: beneficial interest in perpetual trusts - contribution 2006		83,020
Adjustment: beneficial interest in perpetual trusts - contribution 2007		99,000
Adjustment: unrealized gain on investments 2007		20,656
Net assets as restated, December 31, 2007/January 1, 2008		\$ 5,549,205

NOTE 11: CHANGE IN PROGRAM REPORTING

In 2008, the Club changed the focus of the concession stand to conduct formal job training and placement for participants. The program is now supported by various grants and participants are able to achieve job placements in the community upon completion of the program. As of January 1, 2008 the expenses for the program are reported in the statement of functional expenses and are allocated accordingly as supplies, personnel and other incidental expenses.

R. J. CARABETTA & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

35 PLEASANT STREET

MERIDEN, CONNECTICUT 06450

**Independent Auditors' Report on Compliance with Requirements Applicable to
Each Major Program and on Internal Control over Compliance
in Accordance with the State Single Audit Act**

To the Board of Trustees
Boys & Girls Club of Meriden, Inc.
Meriden, CT 06451

Compliance

We have audited the compliance of the Boys & Girls Club of Meriden, Inc. with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that are applicable to each of its major state programs for the year ended December 31, 2008. The major state programs are identified in the summary of auditors' 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 state programs is the responsibility of the Boys & Girls Club of Meriden, Inc.'s management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Connecticut State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Boys & Girls Club of Meriden, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Boys & Girls Club of Meriden, Inc.'s compliance with those requirements.

In our opinion, the Boys & Girls Club of Meriden, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the Boys & Girls Club of Meriden, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Boys & Girls Club of Meriden, Inc.'s internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A **significant deficiency** is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A **material weakness** is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the Boys and Girls Club of Meriden, Inc.'s internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, the Office of Policy and Management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

R. J. Carabetta of Company P.C.

June 30, 2009

**BOYS & GIRLS CLUB OF MERIDEN, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2008**

STATE GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	STATE GRANT PROGRAM CORE-CT NUMBER	EXPENDITURES
Department of Social Services		
Neighborhood Facilities Bond Fund Contract # 080MBC-NF-03	07DSS6002DR	\$ 300,000
CT Office of Policy and Management		
<i>CT Alliance of Boys & Girls Clubs, Inc.</i> Neighborhood Youth Center Boys & Girls Clubs Program	11000-OPM20350-12318	<u>49,676</u>
Total state financial assistance		<u><u>\$ 349,676</u></u>

BOYS & GIRLS CLUB OF MERIDEN, INC.
STATE FINANCIAL ASSISTANCE PROGRAMS
NOTES TO SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2008

The Connecticut Department of Social Services and Connecticut Office of Policy and Management have provided financial assistance to the Boys & Girls Club of Meriden, Inc. through grants in accordance with the General Statutes of the State of Connecticut. These financial assistance programs funded debt reduction for facility improvements to include girls in programs, and ongoing programs for the healthy and positive development of youth.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Boys & Girls Club of Meriden, Inc. conform to generally accepted accounting principles as applicable to not-for-profit agencies. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting

The financial statements contained in the Boys & Girls Club of Meriden, Inc.'s annual audit report are prepared on the accrual basis of accounting. The following is a summary of such basis:

- ◄ Revenues are recognized when earned.
- ◄ Expenditures are recorded when incurred.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management.

BOYS & GIRLS CLUB OF MERIDEN, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- ◀ Material weakness(es) identified? ___ yes X no
- ◀ Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

State Financial Assistance

Internal control over major programs:

- ◀ Material weakness(es) identified? ___ yes X no
- ◀ Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ yes X none reported

Type of auditors' report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? ___ yes X no

- ◀ The following schedule reflects the major programs included in the audit:

State Grantor and Program	State Core-CT Number	Expenditures
Department of Social Services:		
Neighborhood Facilities Bond Fund		
Contract # 080MBC-NF-03	07DSS6002DR	\$ 300,000

II. FINANCIAL STATEMENT FINDINGS

- ◀ We issued reports, dated June 30, 2009, on internal control over financial reporting and on compliance and other matters based on an audit performed in accordance with *Government Auditing Standards*.
- ◀ Our report on compliance indicated no reportable instances of noncompliance.
- ◀ Our report on internal control over financial reporting indicated no significant deficiencies.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

- ◀ No findings or questioned costs are reported relating to State financial assistance programs.

R. J. CARABETTA & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
35 PLEASANT STREET
MERIDEN, CONNECTICUT 06450

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Trustees
Boys & Girls Club of Meriden, Inc.
Meriden, CT 06451

We have audited the financial statements of the Boys & Girls Club of Meriden, Inc., as of and for the year ended December 31, 2008, and have issued our report thereon dated June 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and requirements of the Connecticut State Single Audit Act.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Boys & Girls Club of Meriden, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Boys & Girls Club of Meriden, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Boys & Girls Club of Meriden, Inc.'s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Boys & Girls Club of Meriden, Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Boys & Girls Club of Meriden, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by the Boys & Girls Club of Meriden, Inc.'s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Boys & Girls Club of Meriden Inc.'s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Boys & Girls Club of Meriden, Inc.'s financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the finance committee, management, the Board of Trustees, the CT Department of Social Services, and CT OPM and is not intended to be and should not be used by anyone other than these specified parties.

R. J. Carabetta & Company P.C.

June 30, 2009