

AZTEC BOYS & GIRLS CLUB, INC  
(A NONPROFIT ORGANIZATION)  
FINANCIAL STATEMENTS  
Years Ended September 30, 2008 and 2007  
WITH  
Report of Certified Public Accountant

DALE GERBER, CPA P.C.

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*Certified Public Accountant*

**AZTEC BOYS & GIRLS CLUB INC.**

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**AZTEC BOYS & GIRLS CLUB INC.**

OFFICIAL ROSTER  
September 30, 2008

Deanna Cooper	President
Lt. Carlton Gray	Vice President
Tina Edwards	Secretary
Mike Paschall	Treasurer
Cynthia Paschall	Member
Steve Christensen	Member
Lorence Garcia	Member
Craig Edwards	Member
Dr. Linda Paul	Member
Judge Karen Townsend	Member
Cliff Simpson	Member
Joy Nee	Executive Director

**DALE GERBER, CPA PC**  
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Aztec Boys & Girls, Inc.

We have audited the accompanying Statement of Financial Position of Aztec Boys & Girls Club, Inc., (a nonprofit organization) as of September 30, 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 Aztec Boys & Girls Club, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Aztec Boys & Girls Club, Inc., as of September 30, 2008 and 2007, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2009 on our consideration of Aztec Boys and Girls Club, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Dale Gerber CPA PC*

Farmington, New Mexico  
January 15, 2009

**Aztec Boys & Girls Club Inc.  
Statement Of Financial Position  
September 30, 2008 and 2007**

	2008	2007
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 21,064	\$ 36,659
Pledge Receivable	-	50
Prepaid Expenses	12,667	12,344
<b>Total Current Assets</b>	<b>33,731</b>	<b>49,053</b>
Property and Equipment:		
Buildings and Improvements	671,930	660,079
Vehicles	66,401	55,070
Equipment	200,358	200,358
	938,689	915,507
Less Accumulated Depreciation	(471,155)	(415,354)
<b>Net Property &amp; Equipment</b>	<b>467,534</b>	<b>500,153</b>
<b>Total Assets</b>	<b>\$ 501,265</b>	<b>\$ 549,206</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts Payable	\$ 10,720	\$ 11,050
Accrued Expenses	3,674	4,168
<b>Total Current Liabilities</b>	<b>14,394</b>	<b>15,218</b>
Net Assets:		
Unrestricted	486,871	533,988
<b>Total Liabilities and Net Assets</b>	<b>\$ 501,265</b>	<b>\$ 549,206</b>

See Accompanying Notes.

**Aztec Boys & Girls Club Inc.**  
**Statement Of Unrestricted Activities**  
**For the years ended September 30, 2008 and 2007**

	<b>2008</b>	<b>2007</b>
<b>Unrestricted Support and Revenues:</b>		
<b>Support:</b>		
Contracts and Grants	\$ 85,762	\$ 51,452
Contributions	87,292	22,852
San Juan United Way	80,493	69,103
<b>Total Support</b>	<b>253,547</b>	<b>143,407</b>
<b>Revenues:</b>		
Special Event Fundraising Revenue	289,683	309,775
Less Costs of Direct Benefits to Donors	(203,431)	(189,862)
<b>Net Special Event Fundraising Revenues</b>	<b>86,252</b>	<b>119,913</b>
Concession Sales	22,418	17,474
Less Cost of Sales	(16,493)	(11,803)
<b>Net Concession Revenue</b>	<b>5,925</b>	<b>5,671</b>
Membership and Program Fees	51,519	42,780
Interest Income	1,064	1,249
<b>Total Revenues</b>	<b>144,760</b>	<b>169,613</b>
<b>Total Unrestricted Support and Revenues</b>	<b>398,307</b>	<b>313,020</b>
<b>Expenses:</b>		
Program Expenses	376,847	359,763
<b>Supporting Services:</b>		
Fundraising	9,858	5,706
Management and General	58,719	57,397
<b>Total Supporting Services</b>	<b>68,577</b>	<b>63,103</b>
<b>Total Expenses</b>	<b>445,424</b>	<b>422,866</b>
<b>Increase (Decrease) in Unrestricted Net Assets</b>	<b>(47,117)</b>	<b>(109,846)</b>
<b>Net Assets, Beginning</b>	<b>533,988</b>	<b>643,834</b>
<b>Net Assets, Ending</b>	<b>\$ 486,871</b>	<b>\$ 533,988</b>

See Accompanying Notes.

**Aztec Boys & Girls Club Inc.**  
**Statement Of Functional Expenses**  
**For the year ended September 30, 2008**  
**With Comparative Totals for the Year Ended September 30, 2007**

	<u>For the year ended September 30, 2008</u>				<u>2007</u>
	<u>Program</u> <u>Costs</u>	<u>Supporting Services</u>		<u>Total</u> <u>Costs</u>	<u>Total</u>
		<u>Fundraising</u> <u>Costs</u>	<u>Management</u> <u>&amp;</u> <u>General</u> <u>Costs</u>		
Salaries	\$ 175,885	\$ -	\$ 22,457	\$ 198,342	\$ 187,124
Payroll Taxes	13,672	-	1,746	15,418	14,792
Employee Benefits	10,253	-	1,309	11,562	12,897
Advertising and Marketing	9,586	3,195	-	12,781	8,567
Bank Fees	-	-	826	826	654
Printing and Reproduction	-	-	-	-	430
Casual labor	230	-	-	230	1,303
Dues & Subscriptions	8,815	-	980	9,795	5,575
Repairs and Maintenance	3,046	-	537	3,583	6,526
Insurance	23,098	-	4,076	27,174	27,883
Professional Services	544	-	2,675	3,219	4,671
Administrative Supplies and Materials	705	-	6,349	7,054	6,806
Program Supplies and Materials	23,207	-	2,579	25,786	20,425
Fundraising Supplies and Materials	2,321	1,275	-	3,596	1,529
Postage	1,429	-	252	1,681	2,023
Professional Fundraising Fees	-	5,388	-	5,388	2,188
Telephone	9,079	-	6,052	15,131	13,519
Training	1,506	-	646	2,152	10,928
Utilities	36,189	-	4,021	40,210	32,079
Vehicle Expenses	4,271	-	1,424	5,695	3,992
Depreciation	53,011	-	2,790	55,801	58,955
<b>Totals</b>	<b>\$ 376,847</b>	<b>\$ 9,858</b>	<b>\$ 58,719</b>	<b>\$ 445,424</b>	<b>\$ 422,866</b>

See Accompanying Notes.

**Aztec Boys & Girls Club Inc.**  
**Statement Of Functional Expenses**  
**For the year ended September 30, 2007**  
**With Comparative Totals for the Year Ended September 30, 2006**

	<u>For the year ended September 30, 2007</u>				<u>2006</u>
	Program Costs	<u>Supporting Services</u>		Total Costs	Total
		Fundraising Costs	Management & General Costs		
Salaries	\$ 167,047	\$ -	\$ 20,077	\$ 187,124	\$ 180,807
Payroll Taxes	13,205	-	1,587	14,792	15,353
Employee Benefits	11,513	-	1,384	12,897	14,026
Advertising and Marketing	6,425	2,142	-	8,567	6,995
Bank Fees	-	-	654	654	-
Printing and Reproduction	430	-	-	430	324
Casual labor	1,303	-	-	1,303	-
Dues & Subscriptions	5,017	-	558	5,575	5,057
Repairs and Maintenance	5,547	-	979	6,526	4,600
Insurance	23,701	-	4,182	27,883	27,580
Professional Services	1,006	-	3,665	4,671	4,079
Administrative Supplies and Materials	681	-	6,125	6,806	7,813
Program Supplies and Materials	18,382	-	2,043	20,425	23,896
Fundraising Supplies and Materials	153	1,376	-	1,529	-
Postage	1,720	-	303	2,023	-
Professional Fundraising Fees	-	2,188	-	2,188	-
Telephone	8,111	-	5,408	13,519	12,748
Training	7,650	-	3,278	10,928	4,299
Utilities	28,871	-	3,208	32,079	28,382
Vehicle Expenses	2,994	-	998	3,992	8,049
Depreciation	56,007	-	2,948	58,955	63,630
<b>Totals</b>	<b>\$ 359,763</b>	<b>\$ 5,706</b>	<b>\$ 57,397</b>	<b>\$ 422,866</b>	<b>\$ 407,638</b>

See Accompanying Notes.

**Aztec Boys & Girls Club Inc.**  
**Statement Of Cash Flows**  
**For the years ended September 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Cash Flow from Operating Activities:</b>		
Net increase (decrease) in net assets	\$ (47,117)	\$ (109,846)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	55,801	58,955
Changes in operating assets and liabilities:		
Accounts Receivable	50	1,320
Prepaid Expenses	(323)	2,312
Accounts Payable and Accrued Expenses	(824)	1,770
Net Cash Provided (Used) by Operating Activities	<u>7,587</u>	<u>(45,489)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchases of Property and Equipment	<u>(23,182)</u>	<u>(1,803)</u>
Net Cash Provided (Used) by Investing Activities	<u>(23,182)</u>	<u>(1,803)</u>
Net increase (decrease) in cash	(15,595)	(47,292)
Cash at the beginning of the year	<u>36,659</u>	<u>83,951</u>
Cash at the end of the year	<u>\$ 21,064</u>	<u>\$ 36,659</u>

See Accompanying Notes.

# AZTEC BOYS & GIRLS CLUB, INC.

## NOTES TO FINANCIAL STATEMENTS September 30, 2008 and 2007

### 1. Summary of Significant Accounting Policies

#### A. Organization

The Aztec Boys & Girls Club, Inc. was established and incorporated as a non-profit organization under the laws of the State of New Mexico to promote the health, social, educational, and character development of boys and girls. The Organization operates under a board of directors and executive director.

Funding is provided principally by grants from the San Juan United Way, National Boys and Girls Club, fund raising events, charitable contributions, and from program fees.

The organization operates two facilities for youth. The principal boys and girls club, which also provides administrative offices, was constructed and occupied in November 1999. This facility serves the junior youth. In addition, the old club facility was renovated and opened in September 2003 to serve members in grades six through twelve with more age appropriate programs.

#### B. Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with the requirements of Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statement of Not-for-Profit Organization*, and SFAS 116 *Accounting for Contributions Received and Contributions Made* issued by the American Institute of Certified Public Accountants. All the net assets of the Organization are classified as unrestricted. The accompanying financial statements have been prepared on the accrual basis of accounting.

#### C. Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

# **AZTEC BOYS & GIRLS CLUB, INC.**

## NOTES TO FINANCIAL STATEMENTS September 30, 2008 and 2007

### 1. Summary of Significant Accounting Policies (Continued)

#### D. 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.

#### E. Functional Expenses

Functional expenses have been allocated between program costs, fundraising, and management and general services based on an analysis of personnel time and the nature of the related activities.

#### F. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

### 2. Leases and Related Party Disclosure

During the period from 1998 through 1999, the City of Aztec designed and constructed the facility known as Aztec Family Center. The Aztec Boys & Girls Club entered into a lease agreement with the City of Aztec for the lease of Aztec Family Center. The Aztec Boys and Girls Club occupied the facilities in November, 1999. The term of the lease is for 20 years, renewable for additional 10 years each, and no monetary exchange is made on the basis that the value of the services provided by the Aztec Boys and Girls Club to the community of Aztec is substantially equal to the value of rent that would otherwise be charged. The Aztec Boys and Girls Club is required to maintain the property in good condition and is responsible for operating expenses. No recognition has been made in the financial statements for the value of this exchange.

# **AZTEC BOYS & GIRLS CLUB, INC.**

## NOTES TO FINANCIAL STATEMENTS September 30, 2008 and 2007

### 3. Fixed Assets

Property and equipment include computer equipment, and recreational equipment. Property and equipment are recorded at cost. It is the Organization's policy to capitalize property with a cost of over \$750, and a life expectancy of over one year. Normal maintenance is expensed as incurred. The assets are depreciated on the straight line method over their estimated useful life of 5 to 10 years for equipment, and 25 years for buildings and improvements.

The Aztec Boys and Girls Club has funded a substantial portion of the construction and remodeling of these facilities through fund raising events. The total investment in both facilities is over \$2,000,000. The Boys and Girls Club's portion is recorded as building costs and improvements in the financial statements.

### 4. Prepaid Expenses

Prepaid expenses consist of insurance premiums and dues paid during the year ending September 30, 2008 and 2007 which will be incurred as an expense in the following year.

### 5. Off Balance Sheet Risk of Bank Accounts

The bank accounts of the Organization are secured up to \$100,000 by the Federal Deposit Insurance Corporation (F.D.I.C.). At September 30, 2008 the bank balances were fully covered by FDIC.

### 6. Revenue from Affiliated National Boys & Girls Club of America

The Organization is a recipient of a Federal grant passed through from the Boys & Girls Club of America. The program, Establishing, Expanding and Enhancing Boys and Girls Clubs, is funded by the Office of Juvenile Justice and Delinquency Prevention, U.S. Department of Justice.

### 7. Fund Raising Events

A substantial source of operating revenue is generated by fund raising events such as a raffle of motorcycles, cash prizes, and other fund raisers. Gross revenues less the cost of direct benefits to donors are reported in the statement of activities to disclose the motivation, effort, and significance of the Organization's fundraising abilities to contribute to their operational budget.

## AZTEC BOYS & GIRLS CLUB, INC.

### NOTES TO FINANCIAL STATEMENTS September 30, 2008 and 2007

#### 8. Employee Benefits

The Organization offers employee health coverage to eligible employees. The cost to the Organization for employee health insurance for the years ending September 30, 2008 and 2007 were \$10,013 and \$12,897, respectively.

On January 1, 2008 the Organization adopted a Savings Incentive Match Plan for Employees (*simple*) employee retirement plan. The prototype plan allows each eligible employee to participate by making annual elective contributions based on a percentage of their compensation, but not exceeding statutory limits. The employer must match the annual elective contribution of each employee in an amount not to exceed three (3%) percent of the employees compensation. The employer cost of the retirement plan for year ending September 30, 2008 was \$1,549.

#### 9. Professional Fundraising Costs

The Aztec Boys & Girls Club Inc. has incurred professional fundraising costs in the form of a grant writer. The costs have been reported in the statement of activities as fundraising costs consistent with the American Institute of Certified Public Accountant's, *Statement of Position 98-2*, to reflect the cost associated with generating funding to support the Organization, and not attributed to specific fundraising events conducted by the Organization.

**COMPLIANCE AND INTERNAL CONTROL  
STRUCTURE REPORTS**

DALE GERBER, CPA PC  
Certified Public Accountant

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

Board of Directors  
Aztec Boys & Girls Club, Inc.

We have audited the financial statements of Aztec Boys & Girls Club, Inc. (a nonprofit organization) as of and for the year ended September 30, 2008, and have issued our report thereon dated January 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Aztec Boys & Girls Club, Inc. financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Aztec Boys & Girls Club, Inc. internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 do not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management, and pass through agency, and is not intended to be and should not be used by anyone other than these specified parties.

*Dale Herber CPA PC*

Farmington, New Mexico  
January 15, 2009

**AZTEC BOYS & GIRLS CLUB INC.**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
September 30, 2008

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>CFDA/Pass- Through Grantor's Number</u>	<u>Agency or Pass Through Number</u>	<u>Revenues &amp; Expenses</u>
U.S. DEPARTMENT OF JUSTICE:			
Passed Through National Boys & Girls Club of America:			
Establishing, Expanding and Enhancing Boys & Girls Clubs, Office of Justice Programs	16.541	2007-15771	<u>\$ 20,000</u>
Total Federal Awards			<u>\$ 20,000</u>

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Aztec Boys & Girls Club, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB circular a-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the Aztec Boys & Girls Club, Inc. financial statements.