

**BOYS CLUBS OF SAN ANTONIO, INC.**  
**dba BOYS AND GIRLS CLUBS OF SAN ANTONIO**

Financial Statements and Supplementary Information

June 30, 2012

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# Williams, Crow, Mask, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

GEORGE M. WILLIAMS, JR., C.P.A.

DANIEL S. CROW, C.P.A.

KIRK D. MASK, C.P.A.

GEORGE C. WILLIAMS, C.P.A.

**FOUNDER/CHAIRMAN EMERITUS**

GEORGE M. WILLIAMS, C.P.A.

## Independent Auditors' Report

To the Board of Directors of the  
Boys Clubs of San Antonio, Inc.  
dba Boys and Girls Clubs of San Antonio

We have audited the accompanying statement of financial position of the Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio (Boys Clubs), a nonprofit corporation, as of June 30, 2012 and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. Information for the year ended June 30, 2011 is presented for comparative purposes only and was extracted from the financial statements presented for that year; on which an unqualified opinion dated October 15, 2011, was expressed by us.

We conducted our audits in accordance with audit standards generally accepted in the United States of America. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Boys Clubs' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio as of June 30, 2012, and the changes in their net assets and their cash flows for the year 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 September 18, 2012, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements. Schedules II and III are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are 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.

September 18, 2012

*Williams, Crow, Mask LLP*

**BOYS CLUBS OF SAN ANTONIO, INC.**  
**dba BOYS AND GIRLS CLUBS OF SAN ANTONIO**  
Statement of Financial Position  
June 30, 2012  
(with Summarized Financial Information for 2011)

	2012	2011
<b><u>Assets</u></b>		
Current assets:		
Cash	\$ 488,795	370,061
Government grants and other receivables	608,431	321,543
Prepaid insurance and deposits	66,155	79,774
Unconditional promise to give - donated facilities leases	145,750	145,750
<b>Total current assets</b>	1,309,131	917,128
Assets restricted to acquisition of property and equipment - cash	137,114	340,985
Unconditional promises to give:		
Donated facilities leases	1,619,750	1,765,500
Foundation grant receivable - Sears	-	556,622
Charitable remainder trust	1,768,418	1,744,523
Property and equipment, net of accumulated depreciation	1,096,849	922,077
	\$ 5,931,262	6,246,835
<b><u>Liabilities and Net Assets</u></b>		
Current liabilities:		
Trade accounts payable	\$ 131,646	28,591
Accrued wages and other liabilities	140,524	159,038
<b>Total current liabilities</b>	272,170	187,629
Long-term debt – unsecured note payable	-	556,622
Net assets:		
Unrestricted net assets:		
General operating fund	729,175	368,971
Net investment in property and equipment	1,096,849	922,077
<b>Total unrestricted net assets</b>	1,826,024	1,291,048
Temporarily restricted net assets:		
Donated facilities leases	1,765,500	1,911,250
Charitable remainder trust	1,768,418	1,744,523
Other temporarily restricted contributions	299,150	555,763
<b>Total temporarily restricted net assets</b>	3,833,068	4,211,536
Total net assets	5,659,092	5,502,584
	\$ 5,931,262	6,246,835

See accompanying notes to financial statements.

**BOYS CLUBS OF SAN ANTONIO, INC.**  
**dba BOYS AND GIRLS CLUBS OF SAN ANTONIO**  
Statement of Activities  
Year Ended June 30, 2012  
(with Summarized Financial Information for 2011)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2012</u>	<u>2011</u>
Revenues and other support:				
Contributions:				
United Way of San Antonio and Bexar County	\$ 453,935	-	453,935	449,603
Individual contributions	76,097	46,999	123,096	107,004
Corporate contributions	414,752	30,698	445,450	213,854
Foundation contributions	250,863	37,892	288,755	883,204
Kneer Trust donation increase	-	23,895	23,895	217,630
In-kind contributions	589,814	-	589,814	-
Grants:				
Federal	1,194,298	-	1,194,298	767,996
State	264,025	-	264,025	170,815
Local	447,233	-	447,233	545,982
AYPYN	664,000	-	664,000	-
Other	556,917	-	556,917	536,462
Membership and fees	242,506	-	242,506	219,722
Special events, net of direct expenses of \$189,087 in 2012	231,694	-	231,694	209,508
Donated facilities	70,000	-	70,000	70,000
Other income and reimbursements	65,765	-	65,765	60,966
Total revenues	<u>5,521,899</u>	<u>139,484</u>	<u>5,661,383</u>	<u>4,452,746</u>
Net assets released from donor purpose restrictions:				
Donated facilities	145,750	(145,750)	-	-
Other	372,202	(372,202)	-	-
Total revenues and other support	<u>6,039,851</u>	<u>(378,468)</u>	<u>5,661,383</u>	<u>4,452,746</u>
Expenses:				
Program services	4,978,864	-	4,978,864	3,184,616
Support services, management and general	391,399	-	391,399	284,580
Fund raising	134,612	-	134,612	85,866
Total expenses	<u>5,504,875</u>	<u>-</u>	<u>5,504,875</u>	<u>3,555,062</u>
Increase in net assets	534,976	(378,468)	156,508	897,684
Net assets at beginning of year	<u>1,291,048</u>	<u>4,211,536</u>	<u>5,502,584</u>	<u>4,604,900</u>
Net assets at end of year	<u>\$ 1,826,024</u>	<u>3,833,068</u>	<u>5,659,092</u>	<u>5,502,584</u>

See accompanying notes to financial statements

**BOYS CLUBS OF SAN ANTONIO, INC.**  
**dba BOYS AND GIRLS CLUBS OF SAN ANTONIO**  
Statement of Cash Flows  
Year Ended June 30, 2012  
(With Summarized Financial Information for 2011)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Contributions, grants and other support	\$ 5,280,581	4,092,321
Cash paid to employees and suppliers	(4,975,262)	(3,300,159)
Interest expense	(11,748)	(1,459)
<b>Net cash provided operating activities</b>	<u>293,571</u>	<u>790,703</u>
Cash flows used by investing activities – improvements to property and purchase of equipment	(378,708)	(474,326)
Cash flows used by financing activities – decrease in short-term bank debt	<u>-</u>	<u>(42,872)</u>
<b>Net increase (decrease) in cash</b>	(85,137)	273,505
Cash at beginning of year	<u>711,046</u>	<u>437,541</u>
Cash at end of year	<u>\$ 625,909</u>	<u>711,046</u>
Reconciliation of changes in net assets to net cash provided by operating activities:		
Increase in net assets	\$ 156,508	897,684
Reconciliation adjustments:		
Depreciation	203,936	183,122
Donated facilities expense	215,750	215,750
Donated facilities revenue	(70,000)	(70,000)
In-kind contributions	(589,814)	-
Accrued interest on Sears note	-	16,212
In-kind expenses	589,814	-
Decrease (increase) in assets:		
Grants and other receivables	(286,888)	(137,397)
Prepaid insurance and other assets	13,619	(69,991)
Charitable remainder trust	(23,895)	(217,630)
Increase (decrease) in liabilities:		
Trade accounts	103,055	(34,293)
Accrued wages and other liabilities	(18,514)	7,246
<b>Net cash provided by operating activities</b>	<u>\$ 293,571</u>	<u>790,703</u>

See accompanying notes to financial statements.

**BOYS CLUBS OF SAN ANTONIO, INC.**  
**DBA BOYS AND GIRLS CLUBS OF SAN ANTONIO**  
Statement of Functional Expenses  
Year Ended June 30, 2012  
(with Summarized Financial Information for 2011)

	Program Services	Supporting Services Management and General	Fundraising	Totals	
				2012	2011
Salaries	\$ 2,562,183	202,176	97,856	2,862,215	2,078,643
Payroll taxes	192,501	14,026	7,178	213,705	173,003
Health insurance	32,604	7,466	3,315	43,385	37,014
Other benefits	79,314	15,856	2,063	97,233	58,460
<b>Total salaries and related expenses</b>	<b>2,866,602</b>	<b>239,524</b>	<b>110,412</b>	<b>3,216,538</b>	<b>2,347,120</b>
Professional and contractual services	39,675	42,813	1,457	83,945	39,126
Office supplies	45,244	12,752	527	58,523	53,640
Program supplies	384,501	779	-	385,280	204,121
Telephone	45,496	3,944	313	49,753	29,689
Postage and shipping	77	1,054	402	1,533	2,901
Utilities	131,437	738	-	132,175	140,275
Building repairs and maintenance	89,677	2,430	-	92,107	44,545
Rent expense	-	-	-	-	4,407
Insurance – property, vehicles and general	60,154	14,843	3,125	78,122	86,576
Rental and maintenance of vehicles and equipment	132,317	-	-	132,317	80,132
Travel expense	8,292	12,912	2,071	23,275	9,367
Printing and publications	31,926	9,312	10,193	51,431	11,291
Staff training, seminars and conferences	24,670	5,000	4,051	33,721	27,149
National organization and other dues	30,696	-	-	30,696	2,634
Marketing	5,191	6,794	1,500	13,485	15,779
Interest, bank and credit card fees	-	18,826	-	18,826	25,731
Depreciation – equipment and improvements	197,818	6,118	-	203,936	183,122
Use of donated facilities	215,750	-	-	215,750	215,750
Employee expenses and miscellaneous	79,527	13,560	561	93,648	31,707
In-kind expenses	589,814	-	-	589,814	-
<b>Total expenses</b>	<b>\$ 4,978,864</b>	<b>391,399</b>	<b>134,612</b>	<b>5,504,875</b>	<b>3,555,062</b>

See accompanying notes to financial statements.

**BOYS CLUBS OF SAN ANTONIO, INC.**  
**dba BOYS AND GIRLS CLUBS OF SAN ANTONIO**  
Notes to Financial Statements  
June 30, 2012

(1) **Summary of the Organization and Significant Accounting Policies**

Nature of the Organization

Boys Clubs of San Antonio, Inc. (Boys Clubs) is organized as a nonprofit corporation in the state of Texas for the express purpose of providing local youth opportunities for educational, vocational, social, health, and moral development. The Boys' Clubs special emphasis is directed toward those youth most at-risk, striving to enhance their value systems and skills that will improve their quality of life and enable them to become more productive citizens. Boys Clubs operates five Boys and Girls Clubs, located on the South, East and West sides of San Antonio. The organization is exempt from Federal income tax under Section 501 (c) 3 of the Internal Revenue Code, and has been classified as an organization that is not a private foundation.

Boys Clubs is supported primarily by the United Way of San Antonio and Bexar County, the City of San Antonio and receives substantial support from business and individual donors, and special events.

Promises to Give

Contributions are recognized when the donor makes a promise to give to The Boys Clubs that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Donated items, including donated facilities having unconditional long-term use and rent free usage of temporary facilities, and meals provided at no cost to the Club, are recorded at their fair value at the date the contribution is received.

Grants and Other Receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Uncollectible accounts receivable including promises to give, are written off after management has made reasonable collection efforts and such receivables are then determined to be losses. No allowance for uncollectible accounts is maintained because the amount would not be significant to the Boys Clubs financial statements.

Property and Equipment

Purchased property and equipment is stated at cost; donated property and equipment is recorded at fair value at the date of the gift. Depreciation of building and land improvements, equipment and vehicles is provided over the estimated useful lives of the respective assets using the straight-line method.

Donations of property and equipment are reported as unrestricted support 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 and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Boys Clubs reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor, and reclassifies temporarily restricted net assets to unrestricted net assets at that time.



**BOYS CLUBS OF SAN ANTONIO, INC.**  
**dba BOYS AND GIRLS CLUBS OF SAN ANTONIO**  
Notes to Financial Statements (Continued)

(1) **Summary of the Organization and Significant Accounting Policies (Continued)**

Property and Equipment (Continued)

Costs for major improvements to fixed assets are capitalized. Expenditures for repairs and maintenance are expensed as incurred.

Expense Allocations

Certain expenses are allocated among programs and support services based on related direct salary expense and estimated usage of facilities.

Cash and Cash Equivalents

Boys Clubs considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

(2) **Subsequent Events**

Subsequent events were evaluated through September 18, 2012, the date on which the audit report was available to be issued.

**BOYS CLUBS OF SAN ANTONIO, INC.**  
**dba BOYS AND GIRLS CLUBS OF SAN ANTONIO**  
Notes to Financial Statements (Continued)

**(3) Unconditional Promises to Give**

Unconditional promises to give consisted of the following at June 30, 2012 and 2011.

	2012	2011
Donated facilities leases from the City of San Antonio (as explained in Note 7) to be recorded over the next fifteen years, approximately \$145,750 annually.	\$ 1,765,500	1,911,250
Present value, discounted at 3.0%, of a Sears Roebuck & Co. (Sears) pledge to forgive a loan made by a subsidiary of Sears to Boys Club (see Note 5). Funds from the loan were restricted for use in the Latino Outreach program. The loan was forgiven, along with all accrued interest in March 2012. The unamortized discount at June 30, 2011 is \$29,000.	-	556,622
	\$ 1,765,500	2,467,872

**(4) Property and Equipment**

Property and equipment consisted of the following at June 30, 2012 and 2011:

	2012	2011
Building and improvements	\$ 1,893,778	1,651,287
Equipment and vehicles	778,925	642,708
	2,672,703	2,293,995
Less accumulated depreciation	1,575,854	1,371,918
Property and equipment, net	\$ 1,096,849	922,077

**(5) Debt**

Boys Club has an \$80,000 unsecured bank line of credit with interest payable at the bank's prime rate plus 1.75 percent (5.00 percent at June 30, 2012). There is no outstanding amount on this loan at June 30, 2012. The line of credit expires in December 2012.

In March 2005, a subsidiary of Sears Roebuck & Co. agreed to loan Boys Club \$474,956 at a 3% interest rate. Sears simultaneously made a pledge to forgive this loan, along with all accrued interest, in March 2012. Proceeds from the loan were used in a Latino Outreach project at the Clubs.

**(6) Business Concentrations and Economic Dependency**

As detailed on the statement of activities, the Boys Clubs received approximately 38 percent of its operating support and revenue from the combined funding of the City of San Antonio and the United Way of San Antonio and Bexar County in 2012. Contracts with these funding agencies are renegotiated on an annual basis and depend on the availability of funds by federal, state, and local governments to assist children in the San Antonio area.

**BOYS CLUBS OF SAN ANTONIO, INC.**  
**dba BOYS AND GIRLS CLUBS OF SAN ANTONIO**  
Notes to Financial Statements (Continued)

**(7) Concentration of Credit Risk**

Financial instruments, which potentially subject Boys Club to concentrations of credit risk, consist principally of temporary cash investments and receivables. In the normal course of business, Boys Clubs periodically maintains cash in its operation accounts in excess of the Federally insured amount. At June 30, 2012 this excess amounted to \$76,261. It is Boys Clubs policy to place its operating cash with high credit quality financial institutions, and thereby limit the amount of credit exposure to any one financial institution.

At June 30, 2012, 30% of government grants receivables were due from the City of San Antonio, 31% from the U.S. Department of Justice, and 3% from the Children's Shelter. All receivables are unsecured.

**(8) Facility Leases**

The City of San Antonio, under long-term rent-free lease agreements, provides all buildings and facilities for the operation of the Eastside and Calderon Boys Clubs. The estimated fair value of these facility leases, which began in the mid 1970's, was recorded as an unconditional promise to give, and has increased temporarily restricted net assets. During the year 2000, the City extended the rent-free lease for the Eastside Boys Club for an additional 25 years. The present fair value of this lease contribution, estimated at \$3,300,000, was recorded in that year's revenue and has increased the Boys Clubs unconditional promises to give and its temporarily restricted net assets by equal amounts. As the leases are used, a portion of the unconditional promise to give is transferred from temporarily restricted net assets to unrestricted net assets and a corresponding amount is recognized as an expense for the use of donated facilities. The lease agreements contain clauses that require the properties to revert to the lessor in the event the properties are not used for nonprofit purposes by the Boys Clubs.

Boys Clubs also has rent-free usage of two other facilities from which the Club operates its Crestholme Branch, and Candlewood Branch.

**(9) Retirement Plan**

The Boys Clubs has a defined contribution retirement plan for substantially all full time employees with one year of full time employment. Contributions to the plan for the year ended June 30, 2012 were \$48,063.

**(10) United Way Allocations**

The United Way of San Antonio and Bexar County has notified Boys Clubs that it intends, but is not legally bound, to provide the Boys Clubs with allocations totaling \$461,709 during year ending June 30, 2013.

**(11) Temporarily Restricted Contributions**

A local bank is trustee of a significant charitable remainder trust of which Boys Club is a ten percent beneficiary. The Trust was created and funded prior to 2004. The donor has not restricted the use of these funds by Boys Club when they are ultimately distributed to the Club in a future year.

The charitable remainder trust's assets, over which Boys Club has no control, are primarily invested in marketable securities and corporate bonds. The club increased the expected future contribution from this trust by \$23,895 in 2012. A \$217,630 increase in this estimated future contribution was recorded in 2011. These adjustments result in an increase in temporarily restricted assets in the respective years.

**BOYS CLUBS OF SAN ANTONIO, INC.**  
**dba BOYS AND GIRLS CLUBS OF SAN ANTONIO**  
Notes to Financial Statements (Continued)

**(11) Temporarily Restricted Contributions (Continued)**

Other temporarily restricted net assets of \$299,150 at June 30, 2012 consists of a variety of contributions restricted by the donor for use in the operations of the Boys Clubs and for the purchase of vehicles during fiscal year ending June 30, 2012.

**(12) Fair Value Measurements**

The following methods and assumptions were used by Boys Clubs in estimating the fair value of its financial instruments, based on framework established by the Financial Accounting Standards Board:

Level 1 – Quoted prices for identical assets in active markets.

Level 2 – Other significant observable inputs such as quoted prices for similar assets in active markets; quoted prices of identical or similar assets in markets that are not active; inputs other than quoted prices, that are observable for the asset (present value analysis, yield curves at commonly quoted intervals).

Level 3 – Unobservable inputs, based on assumptions Boys Club believes market participants would make regarding the value of an asset.

Boys Club assets valued using Level 1 include:

Cash, short-term receivables, and short-term unconditional promises to give are reported at approximate fair values because of the short maturities of those instruments.

Boys Club assets valued using Level 3 include:

Charitable remainder trusts stated at the present value of estimated distributions to be received from the trusts in future years.

Unconditional promises to give to be collected in longer than one year stated at the present value of their estimated future cash flows.

	<u>Charitable Remainder Trust</u>	<u>Long-term Unconditional Promises</u>
June 30, 2010	\$ 1,526,893	540,410
Net realized and unrealized gains	217,630	-
Additional gifts recognized	<u>-</u>	<u>16,212</u>
June 30, 2011	1,744,523	556,622
Net realized and unrealized gains	23,895	-
Forgiveness of debt	<u>-</u>	<u>(556,622)</u>
June 30, 2012	<u>\$ 1,768,418</u>	<u>-</u>

**BOYS CLUBS OF SAN ANTONIO, INC.**  
**dba BOYS AND GIRLS CLUBS OF SAN ANTONIO**  
 Grants from City of San Antonio  
 Year Ended June 30, 2012

	<u>Year Round Youth Programs</u>	<u>Capital Improvements Grants</u>	<u>After School Challenge - S.A.I.S.D. Harlandale I.S.D., Winston</u>
Revenues	<u>\$ 563,345</u>	<u>138,090</u>	<u>995,756</u>
Disbursements by budgeted cost categories:			
Personnel	533,316	-	877,010
Utilities	24,264	-	-
Facilities improvements	-	138,090	-
Supplies and Commodities	<u>5,765</u>	<u>-</u>	<u>118,746</u>
	<u>\$ 563,345</u>	<u>138,090</u>	<u>995,756</u>

The Boys Clubs of San Antonio, Inc. was reimbursed for certain budgeted expenses by the City of San Antonio through various departments and pass through agencies. All funds received from the city were used exclusively for the operation of the Boys and Girls Clubs of San Antonio. The above is a summary of the funds received and the related disbursement for the year ended June 30, 2012.

The general terms and conditions of the contracts between the City of San Antonio and the Boys Clubs of San Antonio, Inc. were met.

**BOYS CLUBS OF SAN ANTONIO, INC.**  
**dba BOYS AND GIRLS CLUBS OF SAN ANTONIO**

Federal Awards

June 30, 2012

# Williams, Crow, Mask, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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**PARTNERS**

GEORGE M. WILLIAMS, JR., C.P.A.

DANIEL S. CROW, C.P.A.

KIRK D. MASK, C.P.A.

GEORGE C. WILLIAMS, C.P.A.

**FOUNDER/CHAIRMAN EMERITUS**

GEORGE M. WILLIAMS, C.P.A.

**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**

Board of Directors  
Boys Clubs of San Antonio, Inc.  
dba Boys and Girls Clubs of San Antonio

We have audited the financial statements of Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio as of and for the year ended June 30, 2012, and have issued our report thereon dated September 20, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio'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 Club's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Club's internal control over financial reporting.

A deficiency in internal control 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 material weakness is a control deficiency, or combination of control deficiencies, that adversely affects the Club'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 Club's financial statements that is more than inconsequential will not be prevented or detected by the Club's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting 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 Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio'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 solely for the information and use of management, the audit committee, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

September 18, 2012

Williams, Crow, Mac LLP



# Williams, Crow, Mask, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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**PARTNERS**

GEORGE M. WILLIAMS, JR., C.P.A.

DANIEL S. CROW, C.P.A.

KIRK D. MASK, C.P.A.

GEORGE C. WILLIAMS, C.P.A.

**FOUNDER/CHAIRMAN EMERITUS**

GEORGE M. WILLIAMS, C.P.A.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Boys Clubs of San Antonio, Inc.  
dba Boys and Girls Clubs of San Antonio

Compliance

We have audited the compliance of Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2012. Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio's management. Our responsibility is to express an opinion on Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio's 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 federal program occurred. An audit includes examining, on a test basis, evidence about Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio'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 Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio's compliance with those requirements.

In our opinion, Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2012.

## Internal Control Over Compliance

The management of Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio's internal control over compliance.

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

Our consideration of 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 controls 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.

Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio's response and, accordingly, we express no opinion on it.

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

September 18, 2012

Williams, Lisa, Mark LLP

BOYS CLUBS OF SAN ANTONIO, INC. DBA BOYS AND GIRLS CLUBS OF SAN ANTONIO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2012

**A. Summary of Audit Results**

1. The auditors' report expresses an unqualified opinion on the financial statements of Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control over financial Reporting Based on an Audit of Financial Statements in accordance with Government Auditing Standards.
3. No instance of noncompliance material to the financial statements of Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio was disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs disclosed during the audit are reported in the *Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditors' report on compliance for the major State and Federal award programs for Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio expresses an unqualified opinion.
6. No audit findings or questioned costs relative to the major State and Federal award programs for Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio are reported in this Schedule.
7. The programs tested as major programs were the Eastside Branch Facility Improvements, Youth Development and Summer Care Grants passed through the City of San Antonio – CFDA number 14.218, and the mentoring mental youth grants from the U.S. Department of Justice – CFDA number 16.726.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Boys Clubs of San Antonio, Inc. dba Boys and Girls Clubs of San Antonio was determined not to be a low-risk auditee.

**BOYS CLUBS OF SAN ANTONIO, INC. DBA BOYS AND GIRLS CLUBS OF SAN ANTONIO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2012**

**B. Findings – Financial Statement Audit and Major Federal Awards Program Audit**

None

**C. Findings and Questioned Costs – Major Federal Award Programs Audit**

None

**BOYS CLUBS OF SAN ANTONIO, INC. DBA BOYS AND GIRLS CLUBS OF SAN ANTONIO**  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2012

<u>Grantor Agency</u>	<u>Federal CFDA Number</u>	<u>Pass-through Identifying Number</u>	<u>Award/ contract Amount</u>	<u>Receipts</u>	<u>Expenditures</u>
U.S. Dept. of Housing and Urban Development (HUD) Passed through the City of San Antonio					
Year ended September 30, 2012 – combined Funding	* 14.218	28-0372063	\$ 540,000	367,917	367,917
Facility improvements – Eastside Branch	* 14.218	28-R103181853	355,175	138,090	138,090
Rent free usage of facilities – Note B	* 14.218	42051/45052	145,750	145,750	145,750
Bexar County – CDBG	* 14.218	B-11-UC-48-0500	30,000	22,096	22,096
Total U.S. Dept. of Housing and Urban Development				673,853	673,853
U.S. Dept. of Justice					
Passed through the Boys & Girls Clubs of America	16.726	OJP-2011-24237, 24238, 24239, 24240, 24241, 24580	599,000	387,291	387,291
U.S. Dept. of Health and Human Services					
Pass through Texas Dept. of Family and Protective Services					
Community Youth Development	93.645	819-11-0005-01	95,000	62,390	62,390
Total Federal Awards				\$ 1,123,534	1,123,534

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Boys Clubs 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 basis of financial statements.

**Note B – Rent free usage of Facilities**

Nonmonetary rent-free usage of facilities is reported based on guidelines from the AICPA industry guide "Not-For-Profit-Organization."

\*Denotes a cluster of awards determined to be a single major program.