

April 14, 2010

The Honorable Bob Rackleff, Chairman
Leon County Commissioners
Tallahassee, Florida 32301

Dear Chairman Rackleff and Commissioners:

We have been asked to provide to the Commission an update on our organization's current situation and our plans going forward. As I am sure you are aware, the Clubs have served Tallahassee and Leon County children and their families for more than 17 years. During this time we have gained a local and regional reputation for high quality programs and service to hundreds of kids every day, particularly those who need us most because of family, financial or social challenges.

For the last 8 years, we have touched the lives of more than 10,000 children and their families with what is regarded as some of the best staff and programming in the area. Since 2001, we have grown from 3 to 17 Clubs serving 4 counties. We employed over 150 highly trained, dedicated staff members meticulously trained to serve children according to the principles of our organization. Our budget grew to more than \$4 million annually. We attracted partnerships with local, state and federal organizations to bring the most effective and progressive programming to our children. Our organization grew as did the number of children's lives that we enriched and kept safe after school. Program and organization evaluations have consistently confirmed the quality of our programs and staff efforts.

The revenue for most of this growth has come from major state and federal grants; the 21st Century Community Learning Center grants have been our primary funding source which led to our expansion in Jefferson and Franklin counties. These grants accounted for approximately 55% of our revenue. United Way and local city and county governments have added 12% of our annual revenues. Some foundations and a few significant business contributors have traditionally supplemented important programs and our budget. Individual and small business charitable giving has amounted to 7% or less of our budget.

Times have changed! In the past, we have experienced expansion and times of 20 – 30 % growth as we increased and enhanced our ability to serve greater numbers of children. However, for the last couple of years we have struggled. The gap has increased between our revenue and the funds required to maintain Club operations, make payroll, service debt and meet expenses. We have compensated for these changes. For example, we have closed twelve (12) clubs over the past 18 months, laid off employees, and cut executive staff and compensation with pay and benefit cuts and furloughs. Now due to the following factors, we are at the point where the cost of running our organization has exceeded our revenue and cash liquidity:

- **Economic Downturn:** The prolonged downturn of the economy has severely impacted our private contributions while increasing competition for the few grants that have helped us operate. Despite a stellar record of success in grant competitions at the state and federal levels, we have lost a few

Our mission is to inspire and enable all young people, especially those who need us most, to reach their full potential as productive, caring and responsible citizens.



**BOYS & GIRLS CLUBS
OF THE BIG BEND**

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ThePositivePlaceforKids.org

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Leon County Commission
April 14, 2010
Page Two (2)



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- significant revenue sources such as the Carol M. White Physical Education Program, the Communities Empowering Youth grant and the state Tobacco Prevention grant.
- **Administrative Burden:** For the grants we have maintained, the administrative demands are costing our organization \$1.25 to operate \$1.00 worth of funding. The amount of time and energy devoted to data collection and reporting have continued to increase. Since almost all of our grants are reimbursement-based, we must expend funds for approved expenses then wait 45-60 days to be reimbursed.
- **Cash Flow:** Because of the waiting period for reimbursement of funds from grants for incurred expenses, we require more cash liquidity to maintain operations. In an ideal situation, this would be cash in the bank equivalent to 90 days of operation. Because of our cash flow constraints we have been unable to build up these reserves and our grants do not allow for interest expense in carrying borrowed funds prior to reimbursement.
- **Operating Expense:** Expenses to run our Clubs continue to rise significantly in several areas, among them insurance (health, unemployment and workers comp), audit, utilities and transportation costs. Most of these are not reimbursed by the funding source.
- **Debt and Interest Burden:** We have a substantial debt load. This was incurred in order to finance our growth and expansion into additional counties, to fund development of our flagship Club and headquarters at Laura Lee, and to establish working capital to handle reimbursement-only grants. Service of the principal and interest on this debt is considerable and is not reimbursed by any grants.

Since most of our grants are reimbursement based our leadership resolved last month to pro-actively restructure the organization to better ensure future sustainability by returning the 21st Century grants and closing the Franklin and Jefferson Clubs. Since Jefferson and Franklin Clubs are operated solely under our 21st Century grants they are the counties that will be affected.

Our Tallahassee/Leon and Gadsden County Clubs will remain open and continue to serve approximately 500 kids a day. The restructuring will allow us to reduce the need for borrowing to fund the organization's operations and overhead costs including staffing, various insurance and transportation costs. Additionally, we will now be able to focus on more traditional, time-tested programming designed by the Boys & Girls Clubs of America.

Despite the challenges we have faced, we can confidently say that the Boys & Girls Clubs are here to stay! We would like to thank you and the entire Leon County community for your strong support and for growing with us as we allow parents to work while they are confident of their children's safety and continued academic support and personal progress. This is indeed an amazing community to be part of.

Our mission is to inspire and enable all young people, especially those who need us most, to reach their full potential as productive, caring and responsible citizens.



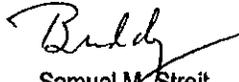
Leon County Commission
April 14, 2010
Page Three (3)



We are proud of the many years of success we've had serving children and again, express our gratitude to the Commission for your support. If you have any questions please feel free to contact me directly at (850) 528-5795.

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Sincerely,


Samuel M. Streit
President/CEO

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ABOUT THE BOYS & GIRLS CLUBS OF THE BIG BEND

Established in 1992 to help curb local youth crime and delinquency, the Boys & Girls Clubs of the Big Bend offers kids ages 5 to 18 a Positive Place to Go after school, where they can grow personally and academically in a safe and structured environment. Now operating five Clubs in Gadsden and Leon Counties and serving more than 1,000 members every year, the organization provides a compelling alternative to drugs, crime, gang activity and other negative influences affecting local youth today, and enables members to realize their full potential as productive, caring and responsible citizens. As an independent affiliate of the Boys & Girls Clubs of America, the Boys & Girls Clubs of the Big Bend relies heavily on the generosity of local benefactors and direct support from public and private entities. To learn more, visit www.ThePositivePlaceforKids.org

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**BOYS & GIRLS CLUBS
OF THE BIG BEND**

May 3, 2009

To: Honorable Bob Rackleff and Leon County Commissioners

Re: Boys & Girls Clubs 2009 audit

We have been asked to comment on the just received 2009 audit of our organization conducted by James Moore and Company. We met on April 30 with lead staff of the County: the County Administrator, Deputy County Administrator and County Finance Director.

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We respectfully offer to the Commission the following in the context of the update this note is attached to:

- As the audit reflects, 2008 and 2009 were very tough years for our organization. Our losses were considerable. Prior years showed net gains.
- For the current fiscal year, FY 2009-10, our first six months showed an audited net gain of \$107,000 revenue over expenses. The projection for the remainder of the fiscal year is even more positive.
- We are in the black and trending positive.
- All but one finding in prior year audits have been corrected as reflected in the 2009 audit.
- Our Leon County and Tallahassee Clubs are unaffected by changes in the organization.
- We remain one of the highest value organizations serving children and families in the community.
- The support of the County and other CHSP partners is deeply appreciated and critical to our continued success serving kids.

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A United Way Agency



United Way of the Big Bend