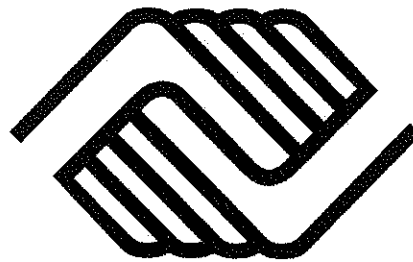

***HERBERT HOOVER BOYS AND GIRLS
CLUB OF ST. LOUIS, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2008***



**HERBERT HOOVER
BOYS & GIRLS CLUB**

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Independent Auditors' Report

Board of Directors
Herbert Hoover Boys and Girls Club
of St. Louis, Inc.
St. Louis, Missouri

We have audited the accompanying statement of financial position of Herbert Hoover Boys and Girls Club of St. Louis, Inc. (the Organization), a not-for-profit 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 Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing 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 the Organization's 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 audits provide 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 Herbert Hoover Boys and Girls Club of St. Louis, 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.

RubinBrown LLP

June 30, 2009

HERBERT HOOVER BOYS AND GIRLS CLUB OF ST. LOUIS, INC.

STATEMENT OF FINANCIAL POSITION

	December 31,	
	2008	2007
Assets		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 370,005	\$ 2,234,478
Investments (Notes 4 and 7)	1,818,551	1,838,126
Unconditional promises to give - current (Notes 5 and 7)	929,598	1,171,950
Accounts receivable	80,747	—
Interest receivable	—	302
Prepaid insurance	18,731	23,874
Total Current Assets	3,217,632	5,268,730
Unconditional Promises To Give - Long-Term (Notes 5 And 7)	451,770	687,140
Property And Equipment (Notes 6 And 7)	13,352,946	13,476,991
Total Assets	\$ 17,022,348	\$ 19,432,861
Liabilities And Net Assets		
Current Liabilities		
Current maturities of long-term debt (Note 7)	\$ 50,876	\$ 29,526
Accounts payable - construction	—	279,103
Accounts payable - other and accrued expenses (Note 11)	340,995	328,918
Total Current Liabilities	391,871	637,547
Long-Term Debt (Note 7)	1,661,528	1,894,718
Total Liabilities	2,053,399	2,532,265
Net Assets		
Unrestricted Net Assets:		
Operating	(16,967)	860,693
Amberg Fund - designated for capital improvements and building repairs (Note 8)	1,246,170	2,095,493
Unrestricted - invested in property and equipment	11,640,544	11,273,644
Total Unrestricted Net Assets	12,869,747	14,229,830
Temporarily Restricted (Note 8)	2,099,202	2,670,766
Total Net Assets	14,968,949	16,900,596
Total Liabilities And Net Assets	\$ 17,022,348	\$ 19,432,861

HERBERT HOOVER BOYS AND GIRLS CLUB OF ST. LOUIS, INC.

STATEMENT OF ACTIVITIES For The Years Ended December 31, 2008 And 2007

	2008			2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues And Support						
Contributions	\$ 1,196,548	\$ 18,618	\$ 1,215,166	\$ 891,831	\$ 1,616,492	\$ 2,508,323
Grants	232,671	—	232,671	—	—	—
United Way	—	598,243	598,243	—	690,355	690,355
In-kind donations	39,687	—	39,687	45,994	—	45,994
Membership and program fees	232,713	—	232,713	160,990	—	160,990
Fundraising event revenue (net of direct costs of benefits to donors of \$184,293 in 2008 and \$150,630 in 2007)	293,184	—	293,184	306,332	—	306,332
Interest and dividend income	62,578	—	62,578	91,070	—	91,070
Miscellaneous income	50,626	—	50,626	27,179	—	27,179
	2,108,007	616,861	2,724,868	1,523,396	2,306,847	3,830,243
Net assets released from restrictions (Note 8)	1,188,425	(1,188,425)	—	2,035,317	(2,035,317)	—
Total Revenues And Support	3,296,432	(571,564)	2,724,868	3,558,713	271,530	3,830,243
Expenses						
Program Services:						
Physical education and athletics	1,348,489	—	1,348,489	990,358	—	990,358
Health services	512,001	—	512,001	561,417	—	561,417
Social, cultural, rehabilitation and supplementary education	1,511,995	—	1,511,995	1,084,534	—	1,084,534
Total Program Services	3,372,485	—	3,372,485	2,636,309	—	2,636,309
General and administrative	235,570	—	235,570	226,446	—	226,446
Development and fundraising	347,337	—	347,337	347,999	—	347,999
Total Expenses	3,955,392	—	3,955,392	3,210,754	—	3,210,754
Increase (Decrease) In Net Assets From Operations	(658,960)	(571,564)	(1,230,524)	347,959	271,530	619,489
Realized And Unrealized Gains (Losses) On Investments (Note 4)	(701,123)	—	(701,123)	126,721	—	126,721
Increase (Decrease) In Net Assets	(1,360,083)	(571,564)	(1,931,647)	474,680	271,530	746,210
Addition Of Adams Park Assets (Note 13)	—	—	—	5,610,661	—	5,610,661
Net Assets - Beginning Of Year	14,229,830	2,670,766	16,900,596	8,144,489	2,399,236	10,543,725
Net Assets - End Of Year	\$ 12,869,747	\$ 2,099,202	\$ 14,968,949	\$ 14,229,830	\$ 2,670,766	\$ 16,900,596

See the accompanying notes to financial statements.

HERBERT HOOVER BOYS AND GIRLS CLUB OF ST. LOUIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended December 31, 2008

	Program Services						Total	Administrative	General And	Development And	Fundraising	Total
	Physical Education And Athletics	Health Services	Supplementary Education	Rehabilitation And	Social, Cultural,							
Salaries	\$ 624,949	\$ 234,356	\$ 703,068	\$ 1,562,373	\$ 1,562,373	\$ 1,562,373	\$ 1,562,373	\$ 32,550	\$ 157,830	\$ 1,752,753		
Payroll taxes	51,737	19,401	58,204	129,342	129,342	129,342	129,342	2,491	12,074	143,907		
Employee benefits	96,705	36,264	108,793	241,762	241,762	241,762	241,762	3,680	27,271	272,713		
Advertising and promotion	1,822	683	2,049	4,554	4,554	4,554	4,554	911	12,751	18,216		
Assistance to individuals	200	75	225	500	500	500	500	—	—	500		
Bank and trustee fees	4,465	1,787	4,993	11,245	11,245	11,245	11,245	3,074	384	14,703		
Conferences and meetings	3,877	1,454	4,328	9,659	9,659	9,659	9,659	539	538	10,736		
Depreciation	151,805	56,927	170,781	379,513	379,513	379,513	379,513	71,159	23,720	474,392		
Equipment rental and maintenance	14,164	5,919	15,813	35,896	35,896	35,896	35,896	4,741	1,912	42,549		
Insurance	20,529	7,698	23,095	51,322	51,322	51,322	51,322	6,221	4,666	62,209		
Interest expense	37,845	14,754	42,463	95,062	95,062	95,062	95,062	23,590	493	119,145		
Membership dues	5,349	2,006	6,017	13,372	13,372	13,372	13,372	891	3,566	17,829		
Miscellaneous expense	5,719	2,144	6,434	14,297	14,297	14,297	14,297	2,599	433	17,329		
Occupancy	121,809	45,679	137,035	304,523	304,523	304,523	304,523	9,930	16,550	331,003		
Postage and shipping	3,998	1,531	4,594	10,023	10,023	10,023	10,023	729	3,646	14,398		
Printing and publishing	3,780	1,418	4,253	9,451	9,451	9,451	9,451	788	5,512	15,751		
Professional fees	78,845	34,533	83,736	197,114	197,114	197,114	197,114	51,928	42,500	291,542		
Special events	10,735	4,026	12,077	26,838	26,838	26,838	26,838	4,736	16,519	48,093		
Stipends	4,808	1,803	5,409	12,020	12,020	12,020	12,020	245	—	12,265		
Supplies	49,611	18,604	55,811	124,026	124,026	124,026	124,026	7,047	9,866	140,939		
Telephone	9,110	3,416	10,249	22,775	22,775	22,775	22,775	1,231	616	24,622		
Travel	46,727	17,523	52,568	116,818	116,818	116,818	116,818	6,490	6,490	129,798		
	\$ 1,348,489	\$ 512,001	\$ 1,511,995	\$ 3,372,485	\$ 3,372,485	\$ 3,372,485	\$ 3,372,485	\$ 235,570	\$ 347,337	\$ 3,955,392		

See the accompanying notes to financial statements.

HERBERT HOOVER BOYS AND GIRLS CLUB OF ST. LOUIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended December 31, 2007

	Program Services						Total	Administrative	General And	Development And	Total
	Physical Education And Athletics	Health Services	Supplementary Education	Social, Cultural, Rehabilitation And							
Salaries	\$ 336,348	\$ 156,963	\$ 437,253	\$ 930,564	\$ 22,423	\$ 168,174	\$ 1,121,161				
Payroll taxes	31,096	14,511	40,425	86,032	2,073	15,548	103,653				
Employee benefits	49,884	23,280	64,851	138,015	3,326	24,943	166,284				
Advertising and promotion	1,011	506	2,410	3,927	506	9,146	13,579				
Assistance to individuals	306	153	153	612	153	—	765				
Bad debt expense	19,093	8,180	8,180	35,453	8,180	—	43,633				
Bank and trustee fees	6,951	3,475	3,823	14,249	2,954	174	17,377				
Conferences and meetings	25,256	6,555	6,555	38,366	1,700	335	40,401				
Depreciation	172,637	89,028	89,028	350,693	66,771	22,257	439,721				
Equipment rental and maintenance	14,952	7,662	16,147	38,761	2,923	729	42,413				
Insurance	15,489	18,968	27,222	61,679	8,271	5,839	75,789				
Interest expense	55,711	28,494	28,667	112,872	26,524	377	139,773				
Membership dues	7,036	4,540	5,108	16,684	1,148	3,775	21,607				
Miscellaneous expense	11,992	6,150	6,765	24,907	5,535	308	30,750				
Occupancy	109,565	76,696	149,740	336,001	10,957	18,261	365,219				
Postage and shipping	4,262	2,330	2,996	9,588	628	3,489	13,705				
Printing and publishing	8,679	4,465	6,568	19,712	1,721	10,504	31,937				
Professional fees	43,180	71,965	100,751	215,896	48,936	23,029	287,861				
Special events	2,853	1,631	1,631	6,115	1,631	33,023	40,769				
Stipends	340	240	5,995	6,575	100	—	6,675				
Supplies	24,097	12,742	22,278	59,117	5,483	4,664	69,264				
Telephone	10,870	6,033	8,217	25,120	1,984	692	27,796				
Travel	38,750	16,850	49,771	105,371	2,519	2,732	110,622				
	\$ 990,358	\$ 561,417	\$ 1,084,534	\$ 2,636,309	\$ 236,446	\$ 347,999	\$ 3,210,754				

See the accompanying notes to financial statements.

HERBERT HOOVER BOYS AND GIRLS CLUB OF ST. LOUIS, INC.

STATEMENT OF CASH FLOWS

	For The Years Ended December 31,	
	2008	2007
Cash Flows From Operating Activities		
(Increase) decrease in net assets	\$ (1,931,647)	\$ 746,210
Adjustments to reconcile (increase) decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation	474,391	439,721
Contributions restricted for capital campaign	2,500	—
Realized and unrealized (gains) losses on investments	701,123	(126,721)
Changes in assets and liabilities:		
(Increase) decrease in unconditional promises to give	475,222	(779,553)
Increase in accounts receivable	(80,747)	—
Decrease in interest receivable	302	5,496
(Increase) decrease in prepaid insurance	5,143	(4,565)
Increase in accounts payable and accrued expenses	12,077	175,263
Net Cash Provided By (Used In) Operating Activities	(341,636)	455,851
Cash Flows From Investing Activities		
Cash received in acquisition of Adams Park	—	10,661
Proceeds from sale of investments	1,002,168	1,107,741
Purchases of investments	(1,683,716)	(701,936)
Purchases of property and equipment	(629,449)	(324,580)
Net Cash Provided By (Used In) Investing Activities	(1,310,997)	91,886
Cash Flows Used In Financing Activities		
Payments on long-term debt	(211,840)	(207,776)
Net Increase (Decrease) In Cash And Cash Equivalents	(1,864,473)	339,961
Cash And Cash Equivalents - Beginning Of Year	2,234,478	1,894,517
Cash And Cash Equivalents - End Of Year	\$ 370,005	\$ 2,234,478
Noncash Transactions		
Increases in property and equipment of \$279,103 were included in accounts payable at December 31, 2007. The Organization recorded increases in property and equipment and net assets of \$5,600,000 related to the Adams Park acquisition in 2007.		
Supplemental Disclosure Of Cash Flow Information		
Interest paid	\$ 119,145	\$ 139,773

HERBERT HOOVER BOYS AND GIRLS CLUB OF ST. LOUIS, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2008 And 2007

1. Summary Of Significant Accounting Policies

Basis Of Accounting

The accompanying financial statements of Herbert Hoover Boys and Girls Club of St. Louis, Inc. (the Organization) have been prepared on the accrual basis of accounting. Income is recognized when earned and expenses are recognized when incurred.

Basis Of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Unrestricted Net Assets represent those net assets that are not subject to donor-imposed stipulations. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted Net Assets represent those net assets whose use has been limited by donor-imposed stipulations that either can be fulfilled or expire by the passage of time.

The Organization does not have any permanently restricted net assets at December 31, 2008 or 2007.

Estimates And Assumptions

The Organization uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results may differ from those estimates.

Cash And Cash Equivalents

The Organization considers all unrestricted and temporarily restricted temporary investments to be cash equivalents. Cash and cash equivalents include checking accounts and short-term investments with original maturity dates of three months or less.

**HERBERT HOOVER BOYS AND GIRLS CLUB
OF ST. LOUIS, INC.**

Notes To Financial Statements *(Continued)*

Investments

Investments are reported at fair value. Certificates of deposits are reported at cost plus accrued interest which approximates fair value. Gains or losses on sales of investments are determined on a specific cost identification method. Unrealized gains and losses are determined based on year-end fair value fluctuations.

Investment income classified as operating revenue consists of interest and dividend income on investments and any gains approved for use in operations. All other realized and unrealized gains or losses are classified as nonoperating activity.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of financial position.

Fair Values Of Financial Instruments

Various methods and assumptions were used to estimate the fair value of each class of financial instruments. Cash and cash equivalents are valued at their carrying amount due to their short maturities. Investments are reported at fair value based on quoted market prices. The carrying value of all other financial instruments approximates fair value.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollected amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

HERBERT HOOVER BOYS AND GIRLS CLUB OF ST. LOUIS, INC.

Notes To Financial Statements (Continued)

Unconditional Promises To Give

Unconditional promises to give in future periods are recognized as support in the period the promises are received. Promises to give, which depend upon specified future and certain events, are reported at the amount management expects to collect on balances outstanding at year end. Management provides for probable uncollected amounts through a charge to net assets and a credit to a valuation allowance based on its assessment of the current status of the existing receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to promises to give.

Property And Equipment

Property and equipment are carried at cost, if purchased, or at fair value, if donated, less accumulated depreciation computed using the straight-line method over periods ranging from 3 to 40 years.

Restricted And Unrestricted Support And Revenue

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Property, Services And Materials

Various equipment, services and materials are donated to the Organization. Donated equipment, certain donated professional services and donated materials are recorded as contributions at their estimated fair value on the dates of the contributions. A substantial number of other volunteers have donated significant amounts of their time to the Organization's program services and its fundraising activities. However, these donated services have not been recorded because they do not meet the criteria for recognition under SFAS No. 116, *Accounting For Contributions Received And Contributions Made*.

HERBERT HOOVER BOYS AND GIRLS CLUB OF ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

Description Of Program Services And Supporting Activities

The following program services and supporting activities are included in the accompanying financial statements:

Physical Education And Athletics

This program helps youth to achieve and maintain fitness, acquire a broad range of physical skills, develop a sense of teamwork, cooperation and fairness, and lead active, healthy lifestyles. Activities in the program include basketball, softball, baseball and tee-ball, football, track and field, swimming, karate, golf, tennis, jump rope, drill team, cheerleading and soccer.

Health Services

All members and their siblings are entitled to free dental care provided in the newly renovated dental clinic on site. Services include biannual cleaning, fluoride treatment, fillings and sealants, extractions and orthodontic care.

The Organization also operates an on-site vision center which offers free screenings and eyeglasses.

Social, Cultural, Rehabilitation And Supplementary Education

Social recreation helps youths to get along with others, make new friends, and provides opportunities for fun and constructive use of leisure time. Activities in the program include game room tournaments, parties, dances and field trips.

Cultural enrichment helps youth enhance self-expression and creativity, develops multicultural appreciation, provides exposure to and develops skills in crafts, visual arts, performing arts and literary arts. The program includes instrumental instruction from the Webster University School of Music, photography, art classes, concerts and African-American studies.

Rehabilitation and supplementary education provide personal and educational development. Personal and educational development helps youth prepare for their future, offers assistance in resolving personal crisis and provides opportunities for career exploration and educational enhancement. Activities include homework assistance, job skills training, computer classes, Junior Achievement, science, health education, conflict resolution, scouting, financial literacy and Junior Staff Career Development.

HERBERT HOOVER BOYS AND GIRLS CLUB OF ST. LOUIS, INC.

Notes To Financial Statements *(Continued)*

General And Administrative

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Organization; and manage the financial and budgetary responsibilities of the Organization.

Development And Fundraising

Provides the structure necessary to encourage and secure private financial support from individuals, foundations and corporations as well as support from local, state, and federal government agencies.

Expense Allocation

Expenses are charged to program services and supporting activities on the basis of periodic time and expense studies. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Agency Transactions

The Organization acts as a fiscal agent under a Missouri Foundation for Health grant to the Gateway to Oral Health Foundation. The transactions related to these activities are properly not included in the statement of activities and changes in net assets as the Organization has little or no discretion over the use of the assets for these activities.

Tax Status

The Organization constitutes a qualified not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxes.

**HERBERT HOOVER BOYS AND GIRLS CLUB
OF ST. LOUIS, INC.**

Notes To Financial Statements (*Continued*)

In accordance with Financial Accounting Standards Board Staff Position (FSP) FIN 48-3, the Organization has elected to defer implementation of FIN 48, *Accounting for Uncertainty in Income Taxes*, until January 1, 2009. FIN 48 clarifies the accounting for uncertainty in tax positions. FIN 48 requires financial statement recognition of the impact of a tax position if a position is more likely than not of being sustained on audit, based on the technical merits of the position. Additionally, FIN 48 provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, transition, and disclosure requirements for uncertain tax positions. The Organization's current accounting policy is to evaluate uncertain tax positions, including those related to unrelated business income, using the framework set forth in FAS 5, *Accounting for Contingencies*.

Adoption Of New Accounting Standards

Effective January 1, 2008, the Organization adopted FAS 157, *Fair Value Measurements*, for all financial instruments and nonfinancial instruments accounted for at fair value on a recurring basis. FAS 157 establishes a new framework for measuring fair value and expands related disclosures. See Note 12.

Reclassifications

Certain reclassifications have been made to the 2007 amounts to conform with the presentation of such amounts for 2008.

2. Operations

The Organization is a not-for-profit organization dedicated to providing recreational, athletic and educational facilities for youth in the metropolitan St. Louis area.

Effective February 1, 2008, the Organization entered into an agreement with the Hazelwood School District to offer programs in South East Middle School. The cost for this service is funded by various grants. St. Louis County has contributed financially to this program and will continue to provide financial support.

**HERBERT HOOVER BOYS AND GIRLS CLUB
OF ST. LOUIS, INC.**

Notes To Financial Statements *(Continued)*

3. Cash And Cash Equivalents

Cash and cash equivalents consist of the following:

	<u>2008</u>	<u>2007</u>
Checking accounts	\$ 123,384	\$ 1,341,073
Restricted cash - Jamal Philips	7,500	—
Money market accounts		
Amberg fund	66,446	257,367
Taylor Fund Character & Leadership Development Program	172,675	636,038
	<u>\$ 370,005</u>	<u>\$ 2,234,478</u>

The Organization maintains its cash and cash equivalents at several banks and with several investment managers. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. A summary of the total insured and uninsured amounts, based on bank and investment statement balances at December 31, 2008, is as follows:

Total cash and cash equivalents held at financial institutions	\$ 394,766
Portion insured by FDIC	<u>328,320</u>
Uninsured cash and cash equivalents	<u>\$ 66,446</u>

Total cash and cash equivalents held at financial institutions represents the amount of cash and cash equivalents physically deposited in the various accounts at December 31, 2008 without regard to deposits in transit or outstanding checks. Cash at December 31, 2008 includes \$172,675 designated for the Taylor Fund Character & Leadership Development Program and \$66,446 designated for the Amberg Fund.

**HERBERT HOOVER BOYS AND GIRLS CLUB
OF ST. LOUIS, INC.**

Notes To Financial Statements *(Continued)*

4. Investments

Investments consist of:

	2008		2007	
	Cost	Fair Value	Cost	Fair Value
Government obligations	\$ 165,976	\$ 172,761	\$ 218,566	\$ 224,348
Corporate bonds	220,761	229,785	224,202	230,134
Corporate stocks	959,617	777,180	1,102,717	1,383,644
Mutual funds-balanced	863,518	638,825	—	—
	<u>\$ 2,209,872</u>	<u>\$ 1,818,551</u>	<u>\$ 1,545,485</u>	<u>\$ 1,838,126</u>

Investments are carried at fair value in accordance with accounting principles generally accepted in the United States of America. For the years ended December 31, 2008 and 2007, unrealized losses of \$683,963 and \$22,626, respectively, were recorded to adjust the investments to fair value.

For the years ended December 31, 2008 and 2007, the Organization realized gains (losses) totaling \$(17,160) and \$149,347, respectively, from the sale of investments.

Investment fees of \$15,500 were incurred in 2008 and are netted against investment income.

Investments are held in the Amberg Fund and the Taylor Fund. The Amberg Fund is designated for capital improvements and building repairs by the Board. The Taylor Fund is temporarily restricted for the Character & Leadership Development Program.

**HERBERT HOOVER BOYS AND GIRLS CLUB
OF ST. LOUIS, INC.**

Notes To Financial Statements *(Continued)*

5. Unconditional Promises To Give

Unconditional short-term promises consist of pledges that had not yet been collected at year end and are due within one year. Long-term promises to give include promises to give that are payable over a period greater than one year. At December 31, 2008, unconditional promises to give are expected to be collected as follows:

Pledges due in less than one year	\$	929,598
Pledges due in 1 - 5 years		510,000
Less: Present value discount		35,500
		<u>1,404,098</u>
Less: Allowance		22,730
		<u>\$ 1,381,368</u>

The United Way of Greater St. Louis, Inc. (United Way) provides funding for the Organization's activities. Notification of the succeeding year's funding is received by the Organization in December. Accordingly, the amount awarded for 2008 and 2007 of \$571,054, was recorded as temporarily restricted contributions and related promises to give at December 31, 2008 and 2007, respectively (Note 8).

6. Property And Equipment

Property and equipment consist of:

	2008	2007
Land	\$ 696,258	\$ 680,173
Land improvements	40,000	40,000
Buildings and improvements	15,729,242	15,272,002
Furniture and equipment	905,819	694,398
Construction in progress	—	334,400
	<u>17,371,319</u>	<u>17,020,973</u>
Less: Accumulated depreciation	<u>4,018,373</u>	<u>3,543,982</u>
	<u>\$ 13,352,946</u>	<u>\$ 13,476,991</u>

Depreciation expense charged to revenues amounted to \$474,391 in 2008 and \$439,721 in 2007.

**HERBERT HOOVER BOYS AND GIRLS CLUB
OF ST. LOUIS, INC.**

Notes To Financial Statements *(Continued)*

7. Long-Term Debt

The following is a summary of long-term debt:

	<u>2008</u>	<u>2007</u>
Note payable - bank, under an amended line-of-credit agreement, maturing September 30, 2009, bearing interest at 6.75%. The note is secured by a first deed of trust on the property at North Grand, personal property and capital campaign pledges and contributions.	\$ —	\$ 182,020
Note payable - bank, under the amended line-of-credit agreement mentioned above, maturing June 30, 2009, bearing interest at 7.5%. The loan is secured as described above. The note was amended in 2007 to allow for refinancing with another bank for \$800,000, adjusting principal payments required under the original agreement.	1,000,000	1,000,000
Note payable - Illinois Facility Fund, principal and interest are payable monthly in equal installments of \$6,329 through October 1, 2022. The loan is secured by a second deed of trust on the property on North Grand. The note bears interest at 6% fixed through 2013.	712,404	742,224
	<u>\$ 1,712,404</u>	<u>\$ 1,924,244</u>

The above notes payable contain covenants regarding minimum net assets, minimum investment account balances, additional borrowings and liens, maintenance and sale of property, investment activity, loans and advances, consolidations, acquisitions, and substantial changes in management or ownership.

The scheduled maturities of the long-term debt at December 31, 2008 are as follows:

<u>Year</u>	<u>Amount</u>
2009	\$ 50,876
2010	80,484
2011	85,331
2012	90,471
2013	95,919
Thereafter	1,309,323
	<u>\$ 1,712,404</u>

**HERBERT HOOVER BOYS AND GIRLS CLUB
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Notes To Financial Statements (*Continued*)

On June 25, 2009, the Organization refinanced their existing \$1,000,000 line of credit note payable into a term loan with Illinois Facility Fund (IFF). The new note matures on July 1, 2024 and is payable beginning August 1, 2009 in monthly installments of \$8,304 including principal and interest at 5.75% with the rate subject to recalculation in five-year increments through its maturity. The note payable is secured by two parcels of land owned by the Organization.

8. Net Assets

Temporarily restricted net assets are restricted as follows:

	2008	2007
United Way of Greater St. Louis, Inc. - time restricted (Note 5)	\$ 571,054	\$ 571,054
Other - time restricted	46,307	11,225
Capital campaign	33,200	126,200
Active Living - Missouri Foundation for Health	9,037	90,870
Adams Park programs	750,000	1,000,000
Baseball fields	37,501	37,501
Character & Leadership Development Program	622,103	803,916
Dental clinic	30,000	30,000
	\$ 2,099,202	\$ 2,670,766

Net assets were released from donor-imposed restrictions as follows:

	2008	2007
Expiration of time restrictions - United Way	\$ 571,054	\$ 611,539
Expiration of time restrictions - other	10,725	—
Capital campaign	93,000	125,375
Capital campaign - pledge write offs	—	68,250
Amberg Fund (swimming pool)	—	132,885
Active Living - Missouri Foundation for Health	81,833	89,870
Adams Park programs	250,000	512,500
Character & Leadership Development Program	181,813	196,084
Clarkson Eyecare Program	—	16,000
Crime Prevention/Drug Prevention	—	10,316
Dental clinic	—	70,000
Education Programs/Project Learn	—	155,998
Football	—	8,000
Summer program	—	35,000
Various miscellaneous programs	—	3,500
	\$ 1,188,425	\$ 2,035,317

**HERBERT HOOVER BOYS AND GIRLS CLUB
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Notes To Financial Statements *(Continued)*

Net assets designated for the Amberg Fund are comprised of:

	2008	2007
Cash	\$ 66,446	\$ 257,367
Investments	1,179,724	1,838,126
	<u>\$ 1,246,170</u>	<u>\$ 2,095,493</u>

9. Transactions With Related Organizations

The Organization serves as fiscal agent for the Gateway to Oral Health Foundation (Gateway) under a grant award agreement from the Missouri Foundation for Health. Contributions of \$151,034 in 2008 and \$343,128 in 2007 were passed through to Gateway under the agreements in 2008 and 2007 and are not reported in the Organization's statement of activities. Promises to give of \$58,597 and \$218,635, which are receivable in 2008 and 2007, respectively, are not reflected on the Organization's statement of financial position.

10. Commitments

Lease Commitments

In connection with the merger with Adams Park Community Center, the Organization has become party to several real estate land lease agreements with the City of St. Louis and the Board of Education of the City of St. Louis. Commitments under the lease arrangement are not material to the Organization's financial statements.

11. Defined Contribution Pension Plan

The Organization maintains a Section 403(b) defined contribution plan covering essentially all full-time employees. For 2008 and 2007, the Organization has accrued \$82,603 and \$59,852, respectively. Amounts accrued represent 10% of eligible salaries and are included in accounts payable - other and accrued expenses on the statement of financial position.

**HERBERT HOOVER BOYS AND GIRLS CLUB
OF ST. LOUIS, INC.**

Notes To Financial Statements *(Continued)*

12. Fair Value Measurements

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2008, using quoted prices in active markets (Level 1); significant observable inputs for similar assets (Level 2); and significant unobservable inputs (Level 3):

	Level 1	Level 2	Level 3	Total
Government obligations (Note 4)	\$ 172,761	\$ —	\$ —	\$ 172,761
Corporate bonds (Note 4)	229,785	—	—	229,785
Corporate stocks (Note 4)	777,180	—	—	777,180
Mutual funds - balanced (Note 4)	638,825	—	—	638,825
Total Assets	\$ 1,818,551	\$ —	\$ —	\$ 1,818,551

13. Merger

Effective January 1, 2007, the Organization acquired the assets and operations of APCC without an exchange of consideration. The merger has been accounted for in a manner similar to a “pooling of interests.” The accompanying financial statements reflect the combined assets and net assets of the two organizations at January 1, 2007.

The statement of activities for the Organization for 2007 includes the operations for APCC.