HERBERT HOOVER BOYS AND
GIRLS CLUB OF ST. LOUIS, INC.
(d/b/a BOYS AND GIRLS CLUBS OF
GREATER ST. LOUIS, INC.)

FINANCIAL STATEMENTS

DECEMBER 31, 2011

BOYS & GIRLS CLUBS
OF GREATER ST. LOUIS

Contents

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Independent Auditors' Report

Board of Directors
Boys and Girls Clubs
of Greater St. Louis, Inc.
St. Louis, Missouri

We have audited the accompanying statement of financial position of Herbert Hoover Boys and Girls Club d/b/a Boys and Girls Clubs of Greater St. Louis, Inc. (the Organization), a not-for-profit organization, as of December 31, 2011 and 2010, 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 Boys and Girls Club of Greater St. Louis, Inc. as of December 31, 2011 and 2010, 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 25, 2012

BOYS AND GIRLS CLUBS
OF GREATER ST. LOUIS, INC.

STATEMENT OF FINANCIAL POSITION

Assets

	December 31, 2011	2010
Current Assets		
Cash and cash equivalents	**$ 246,729**	$ 103,978
Investments - board designated (Note 3)	**936,453**	2,075,273
Unconditional promises to give - current (Note 4)	**782,553**	821,936
Accounts receivable	**131,090**	195,943
Prepaid insurance	**3,025**	10,188
Total Current Assets	**2,099,850**	3,207,318
Unconditional Promises To Give - Long-Term (Note 4)	**552,395**	—
Property And Equipment (Notes 5 And 6)	**12,158,485**	12,621,136
Assets Restricted For Endowment (Notes 3 And 8)	**1,913,800**	673,676
Total Assets	**$ 16,724,530**	$ 16,502,130

Liabilities And Net Assets

	2011	2010
Current Liabilities		
Bank overdraft liability	**$ —**	$ 45,409
Current maturities of long-term debt (Note 6)	**90,525**	82,383
Accounts payable and accrued expenses	**97,164**	158,348
Total Current Liabilities	**187,689**	286,140
Long-Term Debt (Note 6)	**1,404,393**	1,497,928
Total Liabilities	**1,592,082**	1,784,068
Net Assets		
Unrestricted Net Assets:		
Operating	**101,692**	788,220
Amberg Fund - designated for capital improvements and building repairs (Note 7)	**827,053**	1,089,509
Unrestricted - invested in property and equipment	**10,663,567**	11,040,825
Total Unrestricted Net Assets	**11,592,312**	12,918,554
Temporarily Restricted (Note 7)	**714,841**	1,026,608
Permanently Restricted (Note 8)	**2,825,295**	772,900
Total Net Assets	**15,132,448**	14,718,062
Total Liabilities And Net Assets	**$ 16,724,530**	$ 16,502,130

BOYS AND GIRLS CLUBS OF GREATER ST. LOUIS, INC.

STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues And Support				
Contributions	$ 73,421	$ 704,684	$ 1,052,395	$ 1,830,500
Grants	1,499,154	—	—	1,499,154
United Way	11,469	580,751	—	592,220
Membership and program fees	222,570	—	—	222,570
Fundraising event revenue (net of direct costs of benefits to donors of $101,108)	281,407	—	—	281,407
Miscellaneous income	25,686	—	—	25,686
	2,113,707	1,285,435	1,052,395	4,451,537
Net assets released from restrictions (Note 7)	1,395,095	(1,395,095)	—	—
Total Revenues And Support	3,508,802	(109,660)	1,052,395	4,451,537
Expenses				
Sportsmans Park club	1,824,398	—	—	1,824,398
Adams Park club	659,977	—	—	659,977
South East Middle School club	234,728	—	—	234,728
East Middle School club	166,003	—	—	166,003
21st Century community learning centers	174,541	—	—	174,541
Mentor St. Louis	113,269	—	—	113,269
Total Program Services	3,172,916	—	—	3,172,916
General and administrative	598,165	—	—	598,165
Development and fundraising	272,917	—	—	272,917
Total Expenses	4,043,998	—	—	4,043,998
Increase (Decrease) In Net Assets From Operations	(535,196)	(109,660)	1,052,395	407,539
Interest and dividend income	53,126	—	—	53,126
Realized And Unrealized Losses On Investments (Note 3)	(46,279)	—	—	(46,279)
Clarification Of Donor Intent (Note 3)	(797,893)	(202,107)	1,000,000	—
Increase (Decrease) In Net Assets	(1,326,242)	(311,767)	2,052,395	414,386
Net Assets - Beginning Of Year	12,918,554	1,026,608	772,900	14,718,062
Net Assets - End Of Year	$ 11,592,312	$ 714,841	$ 2,825,295	$ 15,132,448

BOYS AND GIRLS CLUBS
OF GREATER ST. LOUIS, INC.

STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues And Support				
Contributions	$ 464,855	$ 528,106	$ 100,000	$ 1,092,961
Grants	1,183,212	—	—	1,183,212
United Way	22,433	574,501	—	596,934
In-kind donations	19,805	—	—	19,805
Membership and program fees	224,281	—	—	224,281
Fundraising event revenue (net of direct costs of benefits to donors of $62,849)	295,018	—	—	295,018
Miscellaneous income	57,594	—	—	57,594
	2,267,198	1,102,607	100,000	3,469,805
Net assets released from restrictions (Note 7)	1,665,005	(1,665,005)	—	—
Total Revenues And Support	3,932,203	(562,398)	100,000	3,469,805
Expenses				
Sportsmans Park	1,794,781	—	—	1,794,781
Adams Park	683,867	—	—	683,867
Mentor St. Louis	114,566	—	—	114,566
South East	239,021	—	—	239,021
East	12,695	—	—	12,695
21st Century	230,513	—	—	230,513
Total Program Services	3,075,443	—	—	3,075,443
General and administrative	717,349	—	—	717,349
Development and fundraising	375,757	—	—	375,757
Total Expenses	4,168,549	—	—	4,168,549
Increase (Decrease) In Net Assets From Operations	(236,346)	(562,398)	100,000	(698,744)
Interest and dividend income	51,973	—	—	51,973
Realized And Unrealized Gains On Investments (Note 3)	199,522	—	—	199,522
Increase (Decrease) In Net Assets	15,149	(562,398)	100,000	(447,249)
Net Assets - Beginning Of Year	12,903,405	1,589,006	672,900	15,165,311
Net Assets - End Of Year	$ 12,918,554	$ 1,026,608	$ 772,900	$ 14,718,062

BOYS AND GIRLS CLUBS
OF GREATER ST. LOUIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2011

	Sportsmans Park Club	Adams Park Club	South East Middle School Club	East Middle School Club	21st Century Community Learning Centers	Mentor St. Louis	Total	General And Administrative	Development And Fundraising	Total
Personnel expenses	$ 894,408	$ 423,569	$ 217,903	$ 138,371	$ 144,618	$ 105,173	$ 1,924,042	$ 242,591	$ 210,866	$ 2,377,499
Professional fees	46,405	20	—	—	—	63	46,488	100,956	3,356	150,800
Liability insurance	17,310	11,228	4,679	5,614	9,825	1,871	50,527	38,743	—	89,270
Office supplies	20,213	6,066	6,207	5,311	1,449	2,108	41,354	36,399	9,503	87,256
Telephone	10,408	3,590	—	—	—	—	13,998	20,820	—	34,818
Postage and shipping	426	—	48	23	63	—	560	6,924	3,781	11,265
Occupancy and security	244,154	35,825	—	—	—	—	279,979	51,240	—	331,219
Travel	13,828	99	602	767	4,138	13	19,447	9,162	1,991	30,600
Equipment rental and maintenance	36,767	9,400	142	65	75	3,043	49,492	10,122	1,716	61,330
Dues and subscriptions	1,604	—	—	—	—	—	1,604	24,709	3,049	29,362
Printing and publishing	2,246	74	242	242	—	596	3,400	1,715	3,378	8,493
Conferences, conventions and meetings	9,925	—	—	—	—	20	9,945	4,304	550	14,799
Contracted services and program supplies	149,113	33,361	4,629	15,431	14,346	347	217,227	8,754	8,828	234,809
Advertising and promotions	2,319	144	276	179	27	35	2,980	131	25,759	28,870
Depreciation	293,445	136,601	—	—	—	—	430,046	32,605	—	462,651
Interest expense	81,827	—	—	—	—	—	81,827	8,377	—	90,204
Other - bank and merchant fees	—	—	—	—	—	—	—	613	140	753
	$ 1,824,398	$ 659,977	$ 234,728	$ 166,003	$ 174,541	$ 113,269	$ 3,172,916	$ 598,165	$ 272,917	$ 4,043,998

BOYS AND GIRLS CLUBS
OF GREATER ST. LOUIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2010

	Sportsmans Park Club	Adams Park Club	South East Middle School Club	East Middle School Club	21st Century Community Learning Centers	Mentor St. Louis	Total	General And Administrative	Development And Fundraising	Total
Personnel expenses	$ 887,643	$ 438,683	$ 207,017	$ 5,557	$ 192,055	$ 94,355	$ 1,825,310	$ 328,029	$ 235,416	$ 2,388,755
Professional fees	18,442	—	—	—	47	2,400	20,889	127,959	4,269	153,117
Liability insurance	24,037	9,791	2,098	519	6,243	623	43,311	15,037	—	58,348
Office supplies	19,177	2,988	2,389	413	4,625	393	29,985	25,720	7,776	63,481
Telephone	17,014	6,964	30	—	30	13	24,051	12,977	—	37,028
Postage and shipping	165	15	81	—	—	—	261	3,235	2,092	5,588
Occupancy and security	197,937	9,768	—	—	—	275	207,980	96,412	—	304,392
Travel	28,213	796	777	—	7,579	—	37,365	12,361	1,589	51,315
Equipment rental and maintenance	25,297	8,345	625	69	625	1,296	36,257	20,070	131	56,458
Dues and subscriptions	2,351	11	—	—	—	—	2,362	6,990	495	9,847
Printing and publishing	386	—	—	—	—	—	386	—	—	386
Conferences, conventions and meetings	474	—	—	—	1,014	—	1,488	7,908	1,785	11,181
Contracted services and program supplies	171,925	59,742	25,977	6,137	18,268	15,181	297,230	3,024	81,510	381,764
Advertising and promotions	170	63	27	—	27	30	317	—	40,511	40,828
Depreciation	309,062	146,701	—	—	—	—	455,763	35,810	—	491,573
Interest expense	92,488	—	—	—	—	—	92,488	10,276	—	102,764
Other - bank and merchant fees	—	—	—	—	—	—	—	11,541	183	11,724
	$ 1,794,781	$ 683,867	$ 239,021	$ 12,695	$ 230,513	$ 114,566	$ 3,075,443	$ 717,349	$ 375,757	$ 4,168,549

BOYS AND GIRLS CLUBS
OF GREATER ST. LOUIS, INC.

STATEMENT OF CASH FLOWS

	For The Years Ended December 31, 2011	2010
Cash Flows From Operating Activities		
Increase (decrease) in net assets	**$ 414,386**	$ (447,249)
Adjustments to reconcile (increase) decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation	**462,651**	491,572
Contributions of property and equipment	**—**	(19,805)
Contributions restricted for endowment	**(300,000)**	(100,000)
Realized and unrealized (gains) losses on investments	**46,279**	(199,522)
Write-off of discretionary retirement contribution	**(19,040)**	—
Changes in assets and liabilities:		
(Increase) decrease in unconditional promises to give	**(513,012)**	169,860
(Increase) decrease in accounts receivable	**64,853**	(50,943)
Decrease in prepaid insurance	**7,163**	23,845
Increase (decrease) in bank overdraft liability	**(45,409)**	45,409
Decrease in accounts payable and accrued expenses	**(42,144)**	(16,212)
Net Cash Provided By (Used In) Operating Activities	**75,727**	(103,045)
Cash Flows From Investing Activities		
Proceeds from sale of investments	**1,007,178**	1,781,844
Purchases of investments	**(1,154,761)**	(1,713,481)
Purchases of property and equipment	**—**	(30,746)
Net Cash Provided By (Used In) Investing Activities	**(147,583)**	37,617
Cash Flows From Financing Activities		
Payments on long-term debt	**(85,393)**	(80,543)
Proceeds from endowment contributions	**300,000**	100,000
Net Cash Provided By Financing Activities	**214,607**	19,457
Net Increase (Decrease) In Cash And Cash Equivalents	**142,751**	(45,971)
Cash And Cash Equivalents - Beginning Of Year	**103,978**	149,949
Cash And Cash Equivalents - End Of Year	**$ 246,729**	$ 103,978
Supplemental Disclosure Of Cash Flow Information		
Interest paid	**$ 97,910**	$ 97,487

1. Summary Of Significant Accounting Policies

Basis Of Accounting

The accompanying financial statements of Herbert Hoover Boys and Girls Club of St. Louis, Inc. d/b/a Boys and Girls Clubs of Greater St. Louis (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 requirements of the Financial Accounting Standards Board for Not-for-Profit Organizations by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity and financial flexibility. As a result, the Organization is required to report its financial position and activities according to the following three classes of 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.

Permanently Restricted Net Assets represent those net assets whose use has been limited by donor-imposed stipulations that will remain in effect in perpetuity.

Estimates And Assumptions

Management uses estimates and assumptions in preparing financial statements in conformity with accounting principles generally accepted in the United States of America. 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 could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for uncollectible receivables and promises to give.

Cash And Cash Equivalents

The Organization considers all unrestricted balances held in checking accounts, savings accounts and short-term investment accounts with original maturity dates of three months or less to be cash equivalents.

The Organization maintains its cash and cash equivalents at several banks and with several investment managers. At various times throughout the year, bank deposits may exceed federally insured limits. In addition, some cash equivalents consist of money market funds which are not covered by Federal Deposit Insurance Corporation.

At December 31, 2011 and 2010, $149,070 and $101,179, respectively, were restricted as part of the Organizations funding agreement with the Deaconess Foundation.

Investments

Certificates of deposits are reported at cost plus accrued interest which approximates fair value. All other investments are reported at fair valued based on quoted prices in active markets for identical assets (Level 1) or on significant other observable inputs (Level 2) as described in Note 11. 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. All investment income is reported as increases or decreases in unrestricted net assets unless a donor or law restricts the use of the income.

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 Value 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 or other significant inputs. 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. Management has determined that no valuation allowance is necessary for accounts receivable as of December 31, 2011 or 2010.

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 contribution revenue 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. Management has determined that no change in the allowance is necessary as of December 31, 2011 or 2010.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimate future cash flows. The resulting discount is amortized and reported as contribution revenue in the statement of activities.

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. From time to time, the Organization receives donated goods that it passes along to its members, but would not otherwise purchase. The Organization is not the ultimate beneficiary of these donated goods, therefore, revenue is not recorded. In addition, a substantial number of other volunteers have donated their time to the Organization's program services and fundraising activities. This volunteer time has not been recorded because it does not meet the criteria for recognition under generally accepted accounting principles.

Description Of Program Services And Supporting Activities

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

Sportsmans Park Club

This is the founding location in North City that currently serves over 3,000 youth with an average of 300 youth attending daily. Open 48 weeks a year, five days a week, the 78,000 square-foot facility houses the Clarkson Eyecare Vision Clinic, MJL Aquatics Center, MetLife Learning Center, and All-Star Field, as well as a dental clinic, reading room, science room, technology center, game room, tennis courts, football field, gymnasium, art room, teen center, performing arts/dance studio, multi-purpose room, cafeteria and kitchen, fitness center, and a new music studio.

Adams Park Club

This facility began operating in 2007 at the Adams Park Community Center. This location currently serves 700 children with 100 members attending daily. Located in the Forest Park Southeast Neighborhood, the 28,000 square-foot center offers educational, recreational and social activities, as well as teen-focused programs. The facility includes a gym, dance studio, fitness center, game room, computer lab, Clarkson Eyecare Clinic, and the Jim Edmonds Field.

Southeast Middle School Club

This is the Organization's first school-based site that opened in 2008. A partnership with Hazelwood School District and St. Louis County, it is located in the Spanish Lake area and operates five days a week. This unit shares a gymnasium, performance stage, library, technology center, cafeteria, art room and game room with the school and serves approximately 200 youth with 50 attending daily. The center offers education, recreational, and social activities, as well as teen-focused programs. Members can also access the dental and vision clinics at other locations.

East Middle School Club

This is the Organization's second school-based site that opened in late 2010 as a partnership with the Hazelwood School District and Washington University. This unit operates five days a week, sharing a library, cafeteria, classrooms and two gymnasiums with the school. This site serves 60 youth, with an average daily attendance of 35. The center provides educational, recreational, and social activities for teens. Members can also access the dental and vision clinics at other locations.

21st Century Community Learning Centers

The Organization operates two learning centers at Adams and Columbia Elementary School, serving 80 students age six and up at each location. Staff members work directly with students for three hours each day, five days a week during school hours. By providing a low teacher-student ratio, the center can provide homework assistance and instructional activities differentiated to the specific needs of students. The program focuses on academic skill enhancement designed to enable youth to become proficient in educational basics like mathematics and communication skills, apply learning to everyday situations, and embrace technology to achieve success in a career.

Mentor St. Louis

This program empowers St. Louis elementary school students to succeed in school through structured, positive mentoring relationships with caring adult volunteers. Every year, more than 500 youth in first through sixth grade are encouraged to develop a love of learning and ultimately reach their highest potential through literacy-based programming and supportive one-on-one relationships.

General And Administrative

General and administration includes the functions includes 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

The development and fundraising function 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.

Allocation Of Expenses

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.

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.

The Organization has a policy to evaluate tax positions which may be considered uncertain and has determined that no uncertain tax positions exist as of December 31, 2011. The Organization's tax returns for the tax years ended 2008 and later remain subject to examination by taxing authorities.

Subsequent Events

Management has evaluated subsequent events through June 25, 2012, the date which the financial statements were available for issue.

Reclassifications

Certain reclassifications have been made to the 2010 amounts, where appropriate, to conform with the presentation of such amounts for 2011.

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.

The Organization operates at several locations, two of which they own. The Organization also has agreements with the Hazelwood School District to offer programs at Hazelwood East Middle School and South East Middle School. The cost for these services is funded by various grants.

During 2009, the Organization merged with Mentor St. Louis, a nonprofit corporation. Mentor St. Louis offers school-based mentoring supplemented by additional weekly contact with students in the St. Louis Public School District, including personal visits, phone calls and writing correspondence.

3. Investments

Investments consist of:

	2011		2010	
	Cost	**Fair Value**	Cost	Fair Value
Money markets	**$ 603,291**	**$ 603,291**	$ 277,333	$ 277,333
Certificates of deposit	**1,708**	**1,708**	2,678	2,678
Government obligations	**166,178**	**173,104**	163,877	169,259
Corporate bonds	**106,644**	**114,765**	146,875	156,109
Corporate stocks	**477,432**	**503,937**	517,589	593,120
Mutual funds	**1,268,798**	**1,214,382**	1,309,388	1,290,479
Closed-end funds	**80,885**	**94,813**	101,780	143,674
Asset-backed securities	**144,734**	**144,253**	144,103	116,297
	$ 2,849,670	**$ 2,850,253**	$ 2,663,623	$ 2,748,949

For the year ended December 31, 2011, unrealized losses of $75,601 were recorded to adjust investments to fair value. For the year end December 31, 2010, unrealized gains of $175,924 were recorded. For the years ended December 31, 2011 and 2010, realized gains of $29,322 and $23,598, respectively, were recorded from the sale of investments.

Investment fees of $16,203 and $16,709 were incurred in 2011 and 2010, respectively, and are netted against investment income.

Investments are classified in several funds as follows:

	2011	2010
Amberg Fund	**$ 827,053**	$ 1,089,509
Taylor Fund (prior to donor clarification)	**—**	982,424
Assets permanently restricted for endowment	**1,913,800**	673,676
Other funds and general investments	**109,400**	3,340
	$ 2,850,253	$ 2,748,949

The Amberg Fund is designated for capital improvements and building repairs by the Board of Directors. During 2010, the Taylor Fund was temporarily restricted for the Character & Leadership Development Program. During 2011, clarification of donor intent resulted in $797,893 and $202,107, respectively, of unrestricted assets and temporarily restricted assets, being reclassified to a permanently restricted endowment. The assets held for permanent endowment are described in Note 8.

4. 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, 2011, unconditional promises to give are expected to be collected as follows:

Pledges due in less than one year	$ 796,633
Pledges due in 1 - 5 years	600,000
Less: Present value discount	(47,605)
	1,349,028
Less: Allowance for doubtful accounts	(14,080)
	$ 1,334,948

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 2011 and 2010 of $580,751 and $574,501, was recorded as temporarily restricted contributions and related promises to give at December 31, 2011 and 2010, respectively (Note 7).

In 2011, the Organization received an unconditional promise to give for a permanent endowment from an individual to contribute $1,000,000 over a five-year period. Payments began at the end of 2011 and will continue through the end of 2015. At December 31, 2011, $800,000 of the promises to give and the discount of $47,605 are included in permanently restricted net assets for education and career development programs.

The Organization received a long-term conditional promise to give from a local corporation for approximately $500,000 to establish an endowment for technology programs. Payments began in 2010 and will continue through 2014. Receipt of the funding each year is conditional upon the local corporation's continued financial success. $100,000 was received in 2011 and 2010.

Additionally, the Organization received a long-term conditional promise to give from a local foundation. The promise to give provides funding per year through 2012 to use for capacity building and strengthening the infrastructure of the Organization. Receipt of the funding each year is conditional upon the Organization's ability to achieve its capacity and infrastructure goals and upon the Foundation's approval of the future plans. Funding received in 2011 and 2010 was $221,703 and $280,651, respectively.

5. Property And Equipment

Property and equipment consist of:

	2011	2010
Land	**$ 698,206**	$ 698,206
Land improvements	**136,855**	136,855
Buildings and improvements	**15,752,612**	15,752,612
Furniture and equipment	**1,002,489**	1,002,489
Construction in progress	**30,746**	30,746
	17,620,908	17,620,908
Less: Accumulated depreciation	**5,462,423**	4,999,772
	$ 12,158,485	$ 12,621,136

Depreciation expense charged to revenues amounted to $462,651 in 2011 and $491,572 in 2010.

6. Long-Term Debt

The following is a summary of long-term debt:

	2011	2010
Note payable - Illinois Facility Fund, principal and interest are payable monthly in equal installments of $8,304 through July 1, 2024. The loan is secured by a first deed of trust on the property on North Grand. The note bears interest at 5.75% fixed rate through July 2014. Interest is recalculated every 5 years, so the interest rate will be adjusted in July 2014 and 2019.	**$ 891,002**	$ 937,944
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 rate through 2012. Interest is recalculated every 5 years, so the interest rate will be adjusted in October 2012 and 2017.	**603,916**	642,367
	1,494,918	1,580,311
Less: Current maturities of long-term debt	**90,525**	82,383
	$ 1,404,393	$ 1,497,928

The above notes payable contain covenants pertaining to the maintenance and sale of property, loans and advances, and substantial changes in management or ownership.

The scheduled maturities of the long-term debt at December 31, 2011 are as follows:

Year	**Amount**
2012	$ 90,525
2013	95,977
2014	101,759
2015	107,888
2016	114,385
Thereafter	984,384
	$ 1,494,918

7. Restricted Net Assets

Temporarily restricted net assets are restricted as follows:

	2011	2010
United Way - time restricted (Note 5)	$ 580,751	$ 574,501
Deaconess Foundation - building capacity	45,770	—
Security lighting	88,320	—
Adams Park programs	—	250,000
Character & Leadership Development Program	—	202,107
	$ 714,841	$ 1,026,608

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

	2011	2010
Expiration of time restrictions - United Way	$ 574,501	$ 549,501
Expiration of time restrictions - other	—	8,275
Capital campaign	—	2,500
Adams Park programs	250,000	187,500
Character & Leadership Development Program	—	297,858
Mentor St. Louis	15,000	—
Dental clinic	15,000	40,000
Deaconess Foundation - building capacity	221,703	280,651
Baseball field	—	71,265
Summer program	20,000	—
Project learn	75,000	116,358
Teen programs	21,580	16,300
Health and life programs	25,000	54,797
Various programs	177,311	40,000
	$ 1,395,095	$ 1,665,005

As described in Note 8, the Board of Directors has designated the Amberg Fund for capital improvements and building repairs. As of December 31, 2011 and 2010, the balance in the Amberg Fund was $827,053 and $1,089,509, respectively.

Permanently restricted net assets are subject to the following restrictions:

	2011	2010
Taylor Fund for character and leadership programs	$ 1,000,000	$ —
Mentor St. Louis Fund for school-based mentoring programs	672,900	672,900
Emerson Fund for technology programs	200,000	100,000
Mary Ann Lee Fund for education and career development programs	952,395	—
	$ 2,825,295	$ 772,900

Permanently restricted net assets consist of endowments as in described in Note 8.

8. Permanently Restricted Endowment Funds

The Organization's endowments consist of the following funds:

Endowment Fund	Purpose Restriction	Year Established
Taylor Fund	Character and leadership programs	2006
Mentor St. Louis Fund	School-based mentoring programs	2009
Emerson Fund	Technology programs	2010
Mary Ann Lee Fund	Education and career development	2011

The Board of Directors of the Organization has interpreted relevant law to mean that the fair value of the original endowment is restricted in perpetuity, absent explicit donor stipulations to the contrary. Additionally, the Board of Directors has adopted a formal investment policy that details the objectives and constraints of the endowment. The primary goal of the endowments is long term growth and preservation of purchasing power by achieving returns in excess of the rate of inflation. The investment policy accepts minimal risk but acknowledges the need to assume risk in order to preserve long-term financial assets. The policy calls for a specific allocation of funds with periodic rebalancing at the discretion of the investment manager. As stipulated by the donors, the investment policy includes a formal spending policy which allows the Organization to distribute a maximum of 5% of the current market value of the Mentor St. Louis endowment and 4% of each of the remaining endowments each year.

As of December 31, 2011 and 2010, the net asset composition of the endowments are as follows:

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Taylor Fund	$ (129,963)	$ —	$ 672,900	$ 542,937
Mentor St. Louis Fund	—	—	200,000	200,000
Emerson Fund	(29,137)	—	1,000,000	970,863
Mary Ann Lee Fund	—	—	200,000	200,000
	$ (159,100)	$ —	$ 2,072,900	$ 1,913,800

	2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Mentor St. Louis Fund	$ (99,224)	$ —	$ 672,900	$ 573,676
Emerson Fund	—	—	100,000	100,000
	$ (99,224)	$ —	$ 772,900	$ 673,676

The changes in the endowment net assets for the years ended December 31, 2011 and 2010 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance - January 1, 2010	$ (122,518)	$ —	$ 672,900	$ 550,382
Interest and dividends	7,534	—	—	7,534
Realized loss	(31,006)	—	—	(31,006)
Unrealized gain	74,330	—	—	74,330
Total investment return	50,858	—	—	50,858
Contributions	—	—	100,000	100,000
Amounts appropriated for spending	(27,564)	—	—	(27,564)
Balance - December 31, 2010	(99,224)	—	772,900	673,676
Interest and dividends	16,972	—	—	16,972
Realized gain	779	—	—	779
Unrealized loss	(17,406)	—	—	(17,406)
Total investment return	345	—	—	345
Contributions	—	—	300,000	300,000
Clarification of donor intent	(29,137)	—	1,000,000	970,863
Amounts appropriated for spending	(31,084)	—	—	(31,084)
Balance - December 31, 2011	$ (159,100)	$ —	$ 2,072,900	$ 1,913,800

Periodically, the fair market value of the assets associated with the Mentor St. Louis and character and leadership endowment funds have fallen below the level that the donors require the Organization to maintain in perpetuity. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets as of December 31, 2011 and 2010 in the amount of $159,100 and $99,224, respectively. These deficiencies resulted from unfavorable investment market conditions during previous years. The Organization has obtained approval from the donors to continue drawing 5% of the current market value of the Mentor St. Louis funds even though the market value is below the historical dollar value of the original endowment gifts.

9. Commitments

In connection 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.

10. Defined Contribution Pension Plan

The Organization maintains a Section 403(b) defined contribution plan covering essentially all full-time employees. Pension expense totaled $1,750 and $75,175 for the years ended December 31, 2011 and 2010, respectively. In 2011 and 2010, the Organization offered a match equal to 2.5% of employee contributions. As of December 31, 2011 and 2010, the Organization had accrued contributions outstanding of $24,947 and $60,000, respectively, which are included in accounts payable and accrued expenses in the statement of financial position.

11. Fair Value

The Organization accounts for certain investments at fair value as required by generally accepted accounting principles. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The valuation techniques are required to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following are the major categories of assets measured at fair value on a recurring basis during the year ended December 31, 2011 and 2010 using quoted market prices in active markets for identical assets (Level 1); quoted prices for similar assets in active or inactive markets (Level 2); and significant unobservable inputs (Level 3).

	2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Government obligations	$ —	$ 173,104	$ —	$ 173,104
Corporate bonds	—	114,765	—	114,765
Corporate stocks	503,937	—	—	503,937
Mutual funds	1,214,382	—	—	1,214,382
Closed-end funds	—	94,813	—	94,813
Asset-backed securities	—	144,253	—	144,253
Total Assets	$ 1,718,319	$ 526,935	$ —	$ 2,245,254

	2010			
	Level 1	**Level 2**	**Level 3**	**Total**
Government obligations	$ —	$ 169,259	$ —	$ 169,259
Corporate bonds	—	156,109	—	156,109
Corporate stocks	593,120	—	—	593,120
Mutual funds	1,290,479	—	—	1,290,479
Closed-end funds	—	143,674		143,674
Asset-backed securities	—	116,297	—	116,297
Total Assets	$ 1,883,599	$ 585,339	$ —	$ 2,468,938

Changes in fair value are presented on the Organization's statement of activities for the years ended December 31, 2011 and 2010.

12. Subsequent Event

The Organization was approved for an additional $500,000 loan from Illinois Facility Fund on May 31, 2012. The loan amount will be disbursed through construction draws on or before October 19, 2012. The initial interest rate will be 4.75% and will then be recalculated every five years. The loan will mature 10 years from the final loan closing date.