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, 2016

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

Report On Financial Statements

We have audited 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, Inc., a not-for-profit organization, which comprise the statement of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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. d/b/a Boys and Girls Clubs of Greater St. Louis, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of Matter - Prior Period Adjustment

As disclosed in Note 8 to the financial statements, the 2015 financial statements have been restated to correct contribution revenue, promises to give and total net assets. Our opinion is not modified with respect to these matters.

RubinBrown LLP

June 29, 2017

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

STATEMENT OF FINANCIAL POSITION

Assets

		December 31,		
		2016		2015 (As Restated - Note 8)
Current Assets				
Cash and cash equivalents	$	**545,903**	$	507,763
Investments (Note 3)		**2,775,775**		2,915,083
Unconditional promises to give - current (Note 5)		**1,488,946**		1,310,623
Accounts receivable		**25,474**		109,745
Prepaid insurance		**49,560**		33,505
Total Current Assets		**4,885,658**		4,876,719
Unconditional Promises To Give - Long-Term (Note 5)		**1,289,230**		648,960
Property And Equipment (Notes 6 And 7)		**11,287,459**		11,523,595
Assets Restricted For Endowment (Notes 3 And 9)		**3,372,227**		3,301,682
Total Assets	$	**20,834,574**	$	20,350,956

Liabilities And Net Assets

Current Liabilities				
Current maturities of long-term debt (Note 7)	$	**173,069**	$	166,489
Accounts payable and accrued expenses		**250,465**		168,903
Total Current Liabilities		**423,534**		335,392
Long-Term Debt (Note 7)		**1,182,226**		1,355,596
Total Liabilities		**1,605,760**		1,690,988
Net Assets				
Unrestricted Net Assets:				
Operating		**1,956,128**		1,495,258
Unrestricted - invested in property and equipment		**9,932,164**		10,001,510
Total Unrestricted Net Assets		**11,888,292**		11,496,768
Temporarily Restricted (Note 8)		**4,142,622**		3,965,300
Permanently Restricted (Notes 8 and 9)		**3,197,900**		3,197,900
Total Net Assets		**19,228,814**		18,659,968
Total Liabilities And Net Assets	$	**20,834,574**	$	20,350,956

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

STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues And Support				
Contributions	$ 955,104	$ 2,195,085	$ —	$ 3,150,189
Grants and special purpose revenue	1,076,103	962,618	—	2,038,721
United Way (Note 5)	6,413	602,825	—	609,238
In-kind donations	46,671	—	—	46,671
Membership and program fees	371,936	—	—	371,936
Fundraising event revenue (net of direct costs of benefits to donors of $181,451)	423,321	—	—	423,321
Miscellaneous income	23,147	—	—	23,147
	2,902,695	3,760,528	—	6,663,223
Net assets released from restrictions (Note 8)	3,758,732	(3,758,732)	—	—
Total Revenues And Support	6,661,427	1,796	—	6,663,223
Expenses				
Herbert Hoover club	1,916,095	—	—	1,916,095
Adams Park club	879,540	—	—	879,540
South East Middle School club	258,580	—	—	258,580
Grannemann Elementary School club	337,452	—	—	337,452
O'Fallon Park club	400,656	—	—	400,656
Ferguson Middle School club	326,278	—	—	326,278
Riverview Gardens club	312,140	—	—	312,140
Lee Hamilton Elementary School club	60,693	—	—	60,693
Mentor St. Louis	672,486	—	—	672,486
Total Program Services	5,163,920	—	—	5,163,920
General and administrative	727,472	—	—	727,472
Development and fundraising	450,938	—	—	450,938
Total Supporting Services	1,178,410	—	—	1,178,410
Total Expenses	6,342,330	—	—	6,342,330
Increase In Net Assets From Operations	319,097	1,796	—	320,893
Interest And Dividend Income, Net (Note 3)	24,108	31,587	—	55,695
Net Realized And Unrealized Gains On Investments (Note 3)	48,319	143,939	—	192,258
Increase In Net Assets	391,524	177,322	—	568,846
Net Assets - Beginning Of Year	11,496,768	3,965,300	3,197,900	18,659,968
Net Assets - End Of Year	$ 11,888,292	$ 4,142,622	$ 3,197,900	$ 19,228,814

STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2015 (As Restated – Note 8)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues And Support				
Contributions	$ 1,134,426	$ 4,231,526	$ 25,000	$ 5,390,952
Grants and special purpose revenue	787,724	348,628	—	1,136,352
United Way (Note 5)	11,150	602,825	—	613,975
In-kind donations	147,652	—	—	147,652
Membership and program fees	307,300	—	—	307,300
Fundraising event revenue (net of direct costs of benefits to donors of $179,964)	526,189	—	—	526,189
Miscellaneous income	21,292	—	—	21,292
	2,935,733	5,182,979	25,000	8,143,712
Net assets released from restrictions (Note 8)	2,881,239	(2,881,239)	—	—
Total Revenues And Support	5,816,972	2,301,740	25,000	8,143,712
Expenses				
Herbert Hoover club	1,700,398	—	—	1,700,398
Adams Park club	769,617	—	—	769,617
South East Middle School club	240,792	—	—	240,792
East Middle School club	302,479	—	—	302,479
O'Fallon Park club	295,486	—	—	295,486
Ferguson Middle School club	396,497	—	—	396,497
Mentor St. Louis	450,735	—	—	450,735
Total Program Services	4,156,004	—	—	4,156,004
General and administrative	725,391	—	—	725,391
Development and fundraising	331,168	—	—	331,168
Total Supporting Services	1,056,559	—	—	1,056,559
Total Expenses	5,212,563	—	—	5,212,563
Increase In Net Assets From Operations	604,409	2,301,740	25,000	2,931,149
Interest And Dividend Income, Net (Note 3)	19,899	50,173	—	70,072
Net Realized And Unrealized Losses On Investments (Note 3)	(47,791)	(67,200)	—	(114,991)
Increase (Decrease) In Net Assets	576,517	2,284,713	25,000	2,886,230
Net Assets - Beginning Of Year	10,920,251	1,680,587	3,172,900	15,773,738
Net Assets - End Of Year	$ 11,496,768	$ 3,965,300	$ 3,197,900	$ 18,659,968

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

STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2016

	Program Services									
	Herbert Hoover Club	Adams Park Club	South East Middle School Club	Grannemann Elementary School Club	O'Fallon Park Club	Ferguson Middle School Club	Riverview Gardens Club	Lee Hamilton Elementary School Club	Mentor St. Louis	Total Program
Personnel expenses	$ 905,528	$ 540,414	$ 194,830	$ 284,192	$ 287,641	$ 254,528	$ 215,702	$ 25,986	$ 565,994	$ 3,274,815
Advertising and promotions	720	330	97	127	150	356	1,892	403	271	4,346
Conferences, conventions and meetings	1,248	890	585	186	888	563	823	102	1,007	6,292
Contracted services and program supplies	111,841	46,958	32,682	26,752	82,698	50,240	51,501	12,315	65,097	480,084
Depreciation	339,653	161,739	—	—	—	—	—	—	—	501,392
Dues and subscriptions	624	—	—	—	—	—	774	—	—	1,398
Equipment rental and maintenance	33,910	20,430	2,285	2,676	3,178	2,588	2,476	481	5,334	73,358
Interest expense	51,098	—	—	—	—	—	—	—	—	51,098
Liability insurance	54,302	33,669	15,487	14,484	8,810	3,418	5,609	231	6,162	142,172
Occupancy	343,748	40,867	420	549	651	530	577	99	1,093	388,534
Office supplies	23,053	8,160	2,837	4,173	7,287	5,053	9,883	5,861	9,552	75,859
Other - bank and merchant fees	—	(60)	—	—	—	—	—	—	—	(60)
Postage and shipping	6	271	1	1	1	1	1	7	32	321
Printing and publishing	1,279	290	85	111	188	121	1,357	1,134	222	4,787
Professional fees	3,000	—	4,575	—	3,000	3,000	—	—	—	13,575
Telecommunication and technology	32,103	21,152	3,983	3,038	5,723	4,454	20,315	14,007	15,927	120,702
Travel	13,982	4,430	713	1,163	441	1,426	1,230	67	1,795	25,247
	$ 1,916,095	$ 879,540	$ 258,580	$ 337,452	$ 400,656	$ 326,278	$ 312,140	$ 60,693	$ 672,486	$ 5,163,920

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

STATEMENT OF FUNCTIONAL EXPENSES *(Continued)*
For The Year Ended December 31, 2016

		Supporting Services			
	Total Program (from previous)	General And Administrative	Development And Fundraising	Total Supporting Services	Total
Personnel expenses	$ 3,274,815	$ 391,931	$ 347,741	$ 739,672	$ 4,014,487
Advertising and promotions	4,346	60,433	5,262	65,695	70,041
Conferences, conventions and meetings	6,292	30,477	4,483	34,960	41,252
Contracted services and program supplies	480,084	717	1,456	2,173	482,257
Depreciation	501,392	37,739	—	37,739	539,131
Dues and subscriptions	1,398	28,841	153	28,994	30,392
Equipment rental and maintenance	73,358	9,805	3,784	13,589	86,947
Interest expense	51,098	5,678	—	5,678	56,776
Liability insurance	142,172	50	—	50	142,222
Occupancy	388,534	—	—	—	388,534
Office supplies	75,859	27,696	17,802	45,498	121,357
Other - bank and merchant fees	(60)	36,282	—	36,282	36,222
Postage and shipping	321	6,247	409	6,656	6,977
Printing and publishing	4,787	13,432	8,332	21,764	26,551
Professional fees	13,575	60,262	47,285	107,547	121,122
Telecommunication and technology	120,702	4,981	8,298	13,279	133,981
Travel	25,247	12,901	5,933	18,834	44,081
	$ 5,163,920	$ 727,472	$ 450,938	$ 1,178,410	$ 6,342,330

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

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2015 (As Restated – Note 8)

	Program Services								Supporting Services			
	Herbert Hoover Club	Adams Park Club	South East Middle School Club	Grannemann Elementary School Club	O'Fallon Park Club	Ferguson Middle School Club	Mentor St. Louis	Total Program	General And Administrative	Development And Fundraising	Total Supporting Services	Total
Personnel expenses	$ 811,375	$ 479,036	$ 192,839	$ 254,976	$ 209,651	$ 254,994	$ 393,745	$ 2,596,616	$ 318,537	$ 277,847	$ 596,384	$ 3,193,000
Advertising and promotions	890	1,176	1,053	353	649	18,604	105	22,830	31,345	2,549	33,894	56,724
Conferences, conventions and meetings	1,857	1,948	216	271	337	465	683	5,777	23,733	4,608	28,341	34,118
Contracted services and program supplies	121,257	37,093	27,074	24,248	61,032	50,415	38,837	359,956	9,074	61	9,135	369,091
Depreciation	315,127	150,061	—	—	—	—	—	465,188	35,014	—	35,014	500,202
Donated services for potential expansion	—	—	—	—	—	—	—	—	30,608	—	30,608	30,608
Dues and subscriptions	95	33	26	27	26	28	55	290	26,423	105	26,528	26,818
Equipment rental and maintenance	14,085	12,589	207	258	242	333	460	28,174	13,572	3,251	16,823	44,997
Interest expense	58,417	—	—	—	—	—	—	58,417	6,491	—	6,491	64,908
Liability insurance	38,570	26,276	11,280	11,979	6,528	1,525	3,769	99,927	12,158	—	12,158	112,085
Occupancy	280,907	32,700	9	—	—	—	164	313,780	52	—	52	313,832
Office supplies	14,307	6,543	4,028	4,491	7,164	11,940	11,429	59,902	12,100	5,796	17,896	77,798
Other - bank and merchant fees	(30)	—	—	—	—	—	—	(30)	22,995	—	22,995	22,965
Postage and shipping	11	35	—	—	—	—	20	66	5,869	1,206	7,075	7,141
Fundraising event supplies	—	—	—	—	—	—	—	—	5,088	1,288	6,376	6,376
Printing and publishing	777	405	513	234	499	3,919	29	6,376	6,392	3,612	10,004	16,380
Professional fees	—	—	125	1,575	9,000	34,322	—	45,022	92,788	23,389	116,177	161,199
Telecommunication and technology	35,072	18,507	2,245	3,491	358	17,921	830	78,424	10,124	5,833	15,957	94,381
Travel	7,681	3,215	1,177	576	—	2,031	609	15,289	13,421	1,623	15,044	30,333
Bad debt expense	—	—	—	—	—	—	—	—	49,607	—	49,607	49,607
	$ 1,700,398	$ 769,617	$ 240,792	$ 302,479	$ 295,486	$ 396,497	$ 450,735	$ 4,156,004	$ 725,391	$ 331,168	$ 1,056,559	$ 5,212,563

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

STATEMENT OF CASH FLOWS

	For The Years Ended December 31, 2016	2015 (As Restated - Note 8)
Cash Flows From Operating Activities		
Increase in net assets	**$ 568,846**	$ 2,886,230
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	**539,131**	500,202
Contributions of property and equipment	**—**	(57,166)
Contributions restricted for endowment	**—**	(25,000)
Realized and unrealized (gains) losses on investments	**(192,258)**	114,991
Changes in assets and liabilities:		
Increase in unconditional promises to give	**(824,671)**	(577,008)
(Increase) decrease in accounts receivable	**84,271**	(31,302)
Increase in prepaid insurance	**(16,055)**	(8,340)
Increase in accounts payable and accrued expenses	**81,562**	14,599
Net Cash Provided By Operating Activities	**240,826**	2,817,206
Cash Flows From Investing Activities		
Proceeds from sale of investments	**3,051,886**	1,571,790
Purchases of investments	**(2,790,865)**	(3,824,638)
Proceeds from sale of property and equipment	**36,333**	—
Purchases of property and equipment	**(339,328)**	(216,940)
Net Cash Used In Investing Activities	**(41,974)**	(2,469,788)
Cash Flows From Financing Activities		
Payments on long-term debt	**(166,790)**	(160,174)
Proceeds from endowment contributions	**6,078**	218,922
Net Cash Provided By (Used In) Financing Activities	**(160,712)**	58,748
Net Increase In Cash And Cash Equivalents	**38,140**	406,166
Cash And Cash Equivalents - Beginning Of Year	**507,763**	101,597
Cash And Cash Equivalents - End Of Year	**$ 545,903**	$ 507,763

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, 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 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.

Investments

Investments are reported at fair value based on quoted prices in active markets for identical assets (Level 1) or on significant other observable inputs (Level 2) as described in Note 4. 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.

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, 2016 or 2015.

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, 2016 or 2015.

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. The Organization capitalizes all expenditures in excess of $2,500 for property and equipment.

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. During 2015, the Organization received $63,858 in donated services related to the potential expansion of the Organization’s facilities. No donated services were received in 2016.

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:

Herbert Hoover Club

The Herbert Hoover Club (HHC) is our original facility located in North St. Louis City. HHC serves approximately 1,700 youth annually. The 78,000 square-foot state licensed facility houses a comprehensive Dental Clinic, Emerson Technology Center, Learning Center, MJL Aquatics Center, All-Star Baseball Field, art room, game room, teen center, performing arts studio, football field, fitness center and the administrative offices of the Club.

Adams Park Club

The Adams Park Club (APC) began operating in 2007 in South City at the Adams Park Community Center. APC serves approximately 600 youth annually. Located in the Forest Park Southeast neighborhood, the 21,348 square-foot state licensed center offers organized sports, fitness and recreation activities as well as teen and education programs.

South East Middle School Club

The Club's first school-based location, the Southeast Middle School Club (SMSC), which is located in the Hazelwood School District in the Spanish Lake area, opened in 2008. This site serves approximately 440 youth annually. SMSC operates five days a week. It is a partnership with Hazelwood School District and St. Louis County and shares a gymnasium, performance stage, library, technology center, cafeteria, art room and game room with the school.

Grannemann Elementary School Club

Grannemann Elementary School Club (GESC), formerly Twillman Elementary School Club, opened in the summer of 2013 and strengthened our partnerships with both the Hazelwood School District and the Spanish Lake community. This site serves approximately 295 youth annually. GESC operates five days a week, sharing a library, cafeteria, a computer lab and gymnasium with Grannemann Elementary School. The center provides educational, recreational, and social activities.

O'Fallon Park Club

The O'Fallon Park Club (OFPC) located in North City opened in February of 2013 and is in partnership with the YMCA of Greater St. Louis and the City of St. Louis Department of Parks, Recreation and Forestry. This site serves approximately 770 youth annually. OFPC has offered a select number of programs and now operates at full capacity, 48 weeks a year, five days a week. The 79,000 square foot facility has a full-size double gymnasium - 12 basketball hoops plus volleyball nets, fitness center, elevated running/walking track, Teen Hub/game room, computer lab, 3 multipurpose rooms, classroom space, and in-door & out-doors pools.

Ferguson Middle School Club

Ferguson Middle School Club (FMSC) opened in the summer of 2015 to serve youth in Ferguson. This site serves approximately 690 youth annually. FMSC operates five days per week and is open year-round, offering both an after-school program and summer day camp. In partnership with the Ferguson-Florissant School District, the Club shares two gymnasiums, cafeteria, library, technology center, and offers a teen center with a fully operating music production studio.

Riverview Gardens Club

Riverview Gardens Club (RVGC) opened in the summer of 2016 and established our new partnerships with the Riverview Gardens School District and the community surrounding Highland Elementary School where the Club is located. This site serves approximately 235 youth annually. RVCF operates five days a week, sharing classroom space, a music room, cafeteria, a computer lab and gymnasium to provide educational, recreational, and social activities.

Lee Hamilton Elementary School Club

Lee Hamilton Elementary School Club (LHESC) opened in the fall of 2016 to serve elementary school youth in the Ferguson School District. This site serves approximately 65 youth annually. LHESC operates five days per week and is open year-round, offering after-school and summer day camp. Sharing classroom space, the cafeteria and gymnasium, the Club provides educational, recreational, and social activities.

Mentor St. Louis

Mentor St. Louis (MSL) joined the BGCSTL family in 2009. Mentor St. Louis serves approximately 425 youth annually. MSL matches caring adults with elementary school children to enhance literacy and reading skills, trigger discussions, creative thinking and build students' self-esteem. The school-based model operates a mentoring program in five St. Louis public elementary schools; and in Roosevelt and Normandy High Schools, through our BE GREAT: Graduate program. The afterschool model takes place at all Club locations.

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, 2016. The Organization's tax returns for the tax years ended 2013 and later remain subject to examination by taxing authorities.

Subsequent Events

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

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 it owns. The Organization also has agreements with the various school districts to offer programs at South East Middle School, Grannemann Elementary School, Ferguson Middle School, Highland Elementary School, and Lee Hamilton Elementary School.

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:

	2016		2015	
	Cost	**Fair Value**	Cost	Fair Value
Cash and cash equivalents	**$ 1,751,126**	**$ 1,751,126**	$ 701,654	$ 701,654
Mutual funds	**1,501,431**	**1,564,277**	2,665,720	2,488,374
Government obligations	**232,593**	**233,275**	334,003	336,103
Corporate bonds	**218,337**	**216,215**	282,251	287,494
Corporate stocks	**2,163,580**	**2,383,109**	2,243,305	2,403,140
	$ 5,867,067	**$ 6,148,002**	$ 6,226,933	$ 6,216,765

For the years ended December 31, 2016 and 2015, unrealized gains of $290,093 and unrealized losses of $225,400, respectively, were recorded to adjust investments to fair value. For the years ended December 31, 2016 and 2015, realized losses of $97,835 and realized gains of $110,409, respectively, were recorded from the sale of investments.

Investment fees of $53,756 and $48,916 were incurred in 2016 and 2015, respectively, and are netted against interest and dividend income.

Investments are classified in several funds as follows:

	2016	2015
Amberg Fund	**$ 1,080,301**	$ 1,083,909
Assets permanently restricted for endowment	**3,372,227**	3,301,682
Other funds and general investments	**1,695,474**	1,831,174
	$ 6,148,002	$ 6,216,765

The Amberg Fund is board-designated. The assets held for permanent endowment are described in Note 9.

4. 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.

There are three general valuation techniques that may be used to measure fair value, as described below:

- Market approach - Uses prices and other relevant information generated by market transactions involving identical or comparable asset or liabilities.
- Cost approach - Based on the amount that currently would be required to replace the service capacity of an asset.
- Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts.

Investments measured and reported at fair value are classified and disclosed in one of the following three categories:

Level 1 Quoted prices that are readily available in active markets/exchanges for identical investments.

Level 2 Pricing inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.

Level 3 Significant pricing inputs that are unobservable for the investment and includes investments for which there is little, if any, market activity for the investment.

The following are the major categories of assets measured at fair value on a recurring basis at December 31, 2016 **and 2015**:

	2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds	$ 1,564,277	$ —	$ —	$ 1,564,277
Government obligations	—	233,275	—	233,275
Corporate bonds	—	216,215	—	216,215
Corporate stocks	2,383,109	—	—	2,383,109
Total Assets	$ 3,947,386	$ 449,490	$ —	$ 4,396,876

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds	$ 2,488,374	$ —	$ —	$ 2,488,374
Government obligations	—	336,103	—	336,103
Corporate bonds	—	287,494	—	287,494
Corporate stocks	2,403,140	—	—	2,403,140
Total Assets	$ 4,891,514	$ 623,597	$ —	$ 5,515,111

At December 31, 2016 **and 2015**, the Level 2 assets utilize the following valuation techniques and inputs:

Governmental Obligations: The fair value of investments in governmental agency obligations is primarily determined using techniques consistent with the income approach. Significant observable inputs to the income approach include data points for benchmark constant maturity curves and spreads.

Corporate Bonds: The fair value of investments in U.S. and international corporate bonds is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker-dealer quotes, issuer spreads, and security specific characteristics, such as early redemption options.

During 2016 and 2015, there were no changes in the methods or assumptions utilized to derive the fair value of the Organization's assets.

5. 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, 2016 and 2015, unconditional promises to give are expected to be collected as follows:

	2016	2015 (As Restated - Note 8)
Pledges due in less than one year	**$ 1,503,026**	$ 1,324,703
Pledges due in 1 - 5 years	**1,368,047**	697,500
Less: Present value discount	**(78,817)**	(48,540)
	2,792,256	1,973,663
Less: Allowance for doubtful accounts	**(14,080)**	(14,080)
	$ 2,778,176	$ 1,959,583

Promises to give receivable in more than one year are discounted at a rate of 3.8%.

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 amounts awarded during 2016 and 2015 of $602,825 were recorded as temporarily restricted contributions and related promises to give at December 31, 2016 and 2015, respectively (Note 8).

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 continued through the end of 2015. At December 31, 2015, $6,078 of the promise to give was included in permanently restricted net assets for education and career development programs. All outstanding amounts were paid during 2016.

6. Property And Equipment

Property and equipment consist of:

	2016	2015
Land	**$ 674,206**	$ 698,206
Land improvements	**222,332**	194,021
Buildings and improvements	**16,928,556**	16,680,611
Furniture and equipment	**1,386,432**	1,335,694
	19,211,526	18,908,532
Less: Accumulated depreciation	**7,924,067**	7,384,937
	$ 11,287,459	$ 11,523,595

Depreciation expense charged to revenues amounted to $539,131 in 2016 and $500,202 in **2015**.

7. Long-Term Debt

The following is a summary of long-term debt:

	2016	2015
Note payable - Illinois Facility Fund, principal and interest are payable monthly in equal installments of $8,304 through July 1, 2024. The loan is secured by a first deed of trust on the property on North Grand. The note bears interest at 5.75% fixed rate through July 2014. As of July 2014, the note bears interest at 5%. Interest is recalculated every five years, so the interest rate was adjusted in July 2014 and will be adjusted again in 2019.	**$ 606,664**	$ 671,166
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 bore interest at 6.00% fixed rate through October 2012. As of November 2012, the note bears interest at 2.89%. Interest is recalculated every five years, so the interest rate was adjusted in October 2012 and will be adjusted again in 2017.	**349,471**	404,219
Note payable - Illinois Facility Fund, principal and interest are payable monthly beginning in April 2014 in equal installments of $5,201 through March 1, 2024. The loan is secured by an expanded first deed of trust on the property on North Grand. The note bears interest at 3.5% through the term of the loan.	**399,160**	446,700
	1,355,295	1,522,085
Less: Current maturities of long-term debt	**173,069**	166,489
	$ 1,182,226	$ 1,355,596

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, 2016 are as follows:

Year	**Amount**
2017	$ 173,069
2018	179,923
2019	187,064
2020	194,505
2021	202,260
Thereafter	418,474
	$ 1,355,295

8. Restricted Net Assets

Temporarily restricted net assets are restricted as follows:

	2016	2015 (As Restated - Note 8)
United Way - time restricted (Note 5)	**$ 602,825**	$ 602,825
Time restrictions - other	**520,000**	1,270,000
Unappropriated endowment earnings	**174,327**	109,860
North County programs	**1,395,500**	1,716,460
Adams Park programs	**490,850**	—
Transportation	**80,000**	160,000
Teen programs	**176,842**	56,155
Gymnasium repairs	—	50,000
Be Great: Graduate programs	**702,278**	—
	$ 4,142,622	$ 3,965,300

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

	2016	2015
Expiration of time restrictions - United Way	**$ 602,825**	$ 618,763
Expiration of time restrictions - other	**250,000**	241,550
Appropriated endowment earnings	**111,059**	137,602
Adams Park programs	**250,000**	187,500
Summer program	**76,000**	55,000
Education programs	**229,788**	110,000
Teen programs	**132,043**	50,330
Capital improvements	**174,716**	—
Triple Play program	—	30,000
Club operations	**500,000**	507,500
Transportation	**80,000**	80,000
Restoration of Amberg Fund	—	260,000
North County programs	**815,335**	394,000
O'Fallon Park Club	**100,000**	100,000
Be Great: Graduate programs	**420,936**	—
Various programs	**16,030**	108,994
	$ 3,758,732	$ 2,881,239

As described in Note 9, the Board of Directors has designated the spending of the Amberg Fund. As of December 31, 2016 and 2015, the balance in the Amberg Fund was $1,080,301 and $1,083,909, respectively.

Prior Period Adjustment

During 2016, it was determined that a promise to give and corresponding contribution was not recorded. For the year ended December 31, 2015, contributions, promises to give and temporarily restricted net assets were understated by $378,560. This restatement increased temporarily restricted net assets, temporarily restricted contributions and the change in net assets by $378,560. The restatement also increased short-term promises to give by $100,000, and increased long-term promises to give by $278,560 at December 31, 2015. This restatement had no effect on net assets at January 1, 2015.

Permanently restricted net assets are subject to the following restrictions:

	2016	2015
Taylor Fund for character and leadership programs	**$ 1,000,000**	$ 1,000,000
Mentor St. Louis Fund for school-based mentoring programs	**672,900**	672,900
Emerson Fund for technology programs	**500,000**	500,000
Mary Ann Lee Fund for education and career development programs	**1,000,000**	1,000,000
Joan Silber Fund for scholarships	**25,000**	25,000
	$ 3,197,900	$ 3,197,900

Permanently restricted net assets consist of endowments as described in Note 9.

9. 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
Joan Silber Fund	Scholarships	2015

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. The investment policy includes a formal spending policy, which allows the Organization to distribute a maximum annual amount of 4% of the current market value of each endowment.

As of December 31, 2016 and 2015, the asset composition of the endowments is as follows:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Taylor Fund	$ —	$ 88,373	$ 1,000,000	$ 1,088,373
Mentor St. Louis Fund	—	38,408	672,900	711,308
Emerson Fund	—	13,346	500,000	513,346
Mary Ann Lee Fund	—	33,764	1,000,000	1,033,764
Joan Silber Fund	—	436	25,000	25,436
	$ —	$ 174,327	$ 3,197,900	$ 3,372,227

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Taylor Fund	$ —	$ 89,631	$ 1,000,000	$ 1,089,631
Mentor St. Louis Fund	—	1,373	672,900	674,273
Emerson Fund	—	5,147	500,000	505,147
Mary Ann Lee Fund	—	13,579	993,922	1,007,501
Joan Silber Fund	—	130	25,000	25,130
	$ —	$ 109,860	$ 3,191,822	$ 3,301,682

The changes in the endowment assets for the years ended December 31, 2016 and 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance - January 1, 2015	$ —	$ 262,489	$ 2,972,900	$ 3,235,389
Interest and dividends, net	—	50,173	—	50,173
Realized gain	—	98,222	—	98,222
Unrealized loss	—	(165,422)	—	(165,422)
Total investment return	—	(17,027)	—	(17,027)
Contributions	—	2,000	218,922	220,922
Amounts appropriated for spending	—	(137,602)	—	(137,602)
Balance - December 31, 2015	—	109,860	3,191,822	3,301,682
Interest and dividends, net	—	31,587	—	31,587
Realized loss	—	(64,839)	—	(64,839)
Unrealized gain	—	208,778	—	208,778
Total investment return	—	175,526	—	175,526
Contributions	—	—	6,078	6,078
Amounts appropriated for spending	—	(111,059)	—	(111,059)
Balance - December 31, 2016	$ —	$ 174,327	$ 3,197,900	$ 3,372,227

No underwater endowments were noted as of December 31, 2016 or 2015.

10. Line Of Credit

The Organization entered into a $200,000 line of credit agreement, which expires on October 19, 2017, is secured by substantially all of the Organization's assets and bears interest at the rate of 4%. All drawn funds were paid off by the end of the year, and at both December 31, 2016 and 2015, no funds remained outstanding.

11. Commitments

In connection with Adams Park Community Center, the Organization is 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.

12. Defined Contribution Plan

The Organization maintains a Section 403(b) defined contribution plan covering substantially all full-time employees. Benefit plan expenses totaled $48,638 and $48,581 for the years ended December 31, 2016 and 2015, respectively. In 2016 and 2015, the Organization offered a match equal to 2.5% of employee contributions. As of December 31, 2016 and 2015, the Organization had estimated accrued contributions outstanding of $44,761 and $42,397, respectively, which are included in accounts payable and accrued expenses in the statement of financial position.