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, 2015

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, 2015 and 2014, 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, 2015 and 2014, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

RubinBrown LLP

June 30, 2016

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

STATEMENT OF FINANCIAL POSITION

Assets

	December 31, 2015	December 31, 2014
Current Assets		
Cash and cash equivalents	$ **507,763**	$ 101,597
Investments (Note 3)	**2,915,083**	843,519
Unconditional promises to give - current (Note 5)	**1,210,623**	1,334,947
Accounts receivable	**109,745**	78,443
Prepaid insurance	**33,505**	25,165
Total Current Assets	**4,776,719**	2,383,671
Unconditional Promises To Give - Long-Term (Note 5)	**370,400**	241,550
Property And Equipment (Notes 6 And 7)	**11,523,595**	11,749,691
Assets Restricted For Endowment (Notes 3 And 9)	**3,301,682**	3,235,389
Total Assets	$ **19,972,396**	$ 17,610,301

Liabilities And Net Assets

	2015	2014
Current Liabilities		
Current maturities of long-term debt (Note 7)	$ **166,489**	$ 160,089
Accounts payable and accrued expenses	**168,903**	154,304
Total Current Liabilities	**335,392**	314,393
Long-Term Debt (Note 7)	**1,355,596**	1,522,170
Total Liabilities	**1,690,988**	1,836,563
Net Assets		
Unrestricted Net Assets:		
Operating	**1,495,258**	852,819
Unrestricted - invested in property and equipment	**10,001,510**	10,067,432
Total Unrestricted Net Assets	**11,496,768**	10,920,251
Temporarily Restricted (Note 8)	**3,586,740**	1,680,587
Permanently Restricted (Notes 8 and 9)	**3,197,900**	3,172,900
Total Net Assets	**18,281,408**	15,773,738
Total Liabilities And Net Assets	$ **19,972,396**	$ 17,610,301

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

STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues And Support				
Contributions (Note 13)	$ 1,134,426	$ 3,852,966	$ 25,000	$ 5,012,392
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	4,804,419	25,000	7,765,152
Net assets released from restrictions (Note 8)	2,881,239	(2,881,239)	—	—
Total Revenues And Support	5,816,972	1,923,180	25,000	7,765,152
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
Twillman Elementary 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	1,923,180	25,000	2,552,589
Interest And Dividend Income, Net (Note 3)	19,899	50,173	—	70,072
Realized And Unrealized Losses On Investments (Note 3)	(47,791)	(67,200)	—	(114,991)
Increase In Net Assets	576,517	1,906,153	25,000	2,507,670
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	$ 3,586,740	$ 3,197,900	$ 18,281,408

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

STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues And Support				
Contributions (Note 13)	$ 726,258	$ 428,168	$ 111,320	$ 1,265,746
Grants and special purpose revenue	732,411	48,757	—	781,168
United Way (Note 5)	8,800	618,763	—	627,563
In-kind donations	79,039	—	—	79,039
Membership and program fees	190,342	—	—	190,342
Fundraising event revenue (net of direct costs of benefits to donors of $132,706)	462,138	—	—	462,138
Miscellaneous income	20,478	—	—	20,478
	2,219,466	1,095,688	111,320	3,426,474
Net assets released from restrictions (Note 8)	1,773,541	(1,773,541)	—	—
Total Revenues And Support	3,993,007	(677,853)	111,320	3,426,474
Expenses				
Herbert Hoover club	1,779,801	—	—	1,779,801
Adams Park club	624,228	—	—	624,228
South East Middle School club	217,479	—	—	217,479
East Middle School club	263,288	—	—	263,288
O'Fallon Park club	220,573	—	—	220,573
Mentor St. Louis	159,135	—	—	159,135
Total Program Services	3,264,504	—	—	3,264,504
General and administrative	658,073	—	—	658,073
Development and fundraising	361,880	—	—	361,880
Total Supporting Services	1,019,953	—	—	1,019,953
Total Expenses	4,284,457	—	—	4,284,457
Increase (Decrease) In Net Assets From Operations	(291,450)	(677,853)	111,320	(857,983)
Interest And Dividend Income, Net (Note 3)	30,230	90,398	—	120,628
Realized And Unrealized Gains On Investments (Note 3)	27,879	928	—	28,807
Increase (Decrease) In Net Assets	(233,341)	(586,527)	111,320	(708,548)
Net Assets - Beginning Of Year	11,153,592	2,267,114	3,061,580	16,482,286
Net Assets - End Of Year	$ 10,920,251	$ 1,680,587	$ 3,172,900	$ 15,773,738

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

STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2015

	Program Services								Supporting Services			
	Herbert Hoover Club	Adams Park Club	South East Middle School Club	Twillman 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 FUNCTIONAL EXPENSES
For The Year Ended December 31, 2014

	Program Services							Supporting Services			
	Herbert Hoover Club	Adams Park Club	South East Middle School Club	Twillman Elementary School Club	O'Fallon Park Club	Mentor St. Louis	Total Program	General And Administrative	Development And Fundraising	Total Supporting Services	Total
Personnel expenses	$ 859,948	$ 402,316	$ 187,566	$ 239,080	$ 154,625	$ 145,321	$ 1,988,856	$ 305,703	$ 243,144	$ 548,847	$ 2,537,703
Advertising and promotions	1,340	323	185	231	185	138	2,402	2,149	23,028	25,177	27,579
Conferences, conventions and meetings	2,238	1,256	482	484	500	894	5,854	16,950	3,110	20,060	25,914
Contracted services and program supplies	90,051	17,154	11,281	8,075	46,187	6,982	179,730	22,261	5,135	27,396	207,126
Depreciation	336,720	134,375	—	—	—	—	471,095	37,413	—	37,413	508,508
Donated legal services for potential expansion	—	—	—	—	—	—	—	44,789	—	44,789	44,789
Dues and subscriptions	1,817	380	242	272	217	163	3,091	26,181	988	27,169	30,260
Equipment rental and maintenance	13,424	4,879	672	669	228	170	20,042	6,082	2,901	8,983	29,025
Interest expense	66,521	—	—	—	—	—	66,521	7,391	—	7,391	73,912
Liability insurance	32,470	20,891	8,739	9,223	6,410	2,141	79,874	17,468	—	17,468	97,342
Occupancy	314,649	21,599	122	—	—	—	336,370	268	—	268	336,638
Office supplies	22,236	5,679	6,459	3,228	10,756	1,319	49,677	21,486	3,472	24,958	74,635
Other - bank and merchant fees	—	—	—	—	—	—	—	14,460	—	14,460	14,460
Postage and shipping	297	176	—	—	40	—	513	5,131	745	5,876	6,389
Printing and publishing	1,966	1,557	1,705	1,587	1,425	125	8,365	3,625	19,919	23,544	31,909
Professional fees	—	80	—	—	—	—	80	113,045	57,207	170,252	170,332
Telecommunication and technology	27,785	13,273	—	—	—	438	41,496	2,316	264	2,580	44,076
Travel	8,339	290	26	439	—	1,444	10,538	11,355	1,967	13,322	23,860
	$ 1,779,801	$ 624,228	$ 217,479	$ 263,288	$ 220,573	$ 159,135	$ 3,264,504	$ 658,073	$ 361,880	$ 1,019,953	$ 4,284,457

See the accompanying notes to financial statements.

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

STATEMENT OF CASH FLOWS

	For The Years Ended December 31, 2015	2014
Cash Flows From Operating Activities		
Increase (decrease) in net assets	**$ 2,507,670**	$ (708,548)
Adjustments to reconcile (increase) decrease in net assets to net cash provided by operating activities:		
Depreciation	**500,202**	508,508
Contributions of property and equipment	**(57,166)**	—
Contributions restricted for endowment	**(218,922)**	(300,000)
Realized and unrealized (gains) losses on investments	**114,991**	(28,807)
Changes in assets and liabilities:		
(Increase) decrease in unconditional promises to give	**(4,526)**	729,200
Increase in accounts receivable	**(31,302)**	(19,669)
(Increase) decrease in prepaid insurance	**(8,340)**	2,245
Increase (decrease) in accounts payable and accrued expenses	**14,599**	(6,060)
Net Cash Provided By Operating Activities	**2,817,206**	176,869
Cash Flows From Investing Activities		
Proceeds from sale of investments	**1,571,790**	1,862,315
Purchases of investments	**(3,824,638)**	(2,183,086)
Purchases of property and equipment	**(216,940)**	(83,259)
Net Cash Used In Investing Activities	**(2,469,788)**	(404,030)
Cash Flows From Financing Activities		
Payments on long-term debt	**(160,174)**	(141,768)
Proceeds from endowment contributions	**218,922**	300,000
Net Cash Provided By Financing Activities	**58,748**	158,232
Net Increase (Decrease) In Cash And Cash Equivalents	**406,166**	(68,929)
Cash And Cash Equivalents - Beginning Of Year	**101,597**	170,526
Cash And Cash Equivalents - End Of Year	**$ 507,763**	$ 101,597
Supplemental Disclosure Of Cash Flow Information		
Interest paid	**$ 64,908**	$ 73,912

See the accompanying notes to financial statements.

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, 2015 or 2014.

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, 2015 or 2014.

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 and 2014, the Organization received $63,858 and $44,789, respectively in donated services related to the potential expansion of the Organization's facilities.

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

This is the founding location in North City that currently serves approximately 3,000 youth annually. 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 approximately 650 children annually. 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.

South East 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 330 youth annually. 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.

Twillman Elementary School Club

This club opened in summer 2013 and deepens the Organization's partnerships with both the Hazelwood School District and the Spanish Lake community. This location operates five days a week, sharing a library, cafeteria, a computer lab and gymnasium with Twillman Elementary School. This club is serving approximately 230 youth annually. The center provides educational, recreational, and social activities and members have full access to dental and vision services.

O'Fallon Park Club

The O'Fallon Park club, located in North St. Louis 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 club has offered a select number of programs and is scheduled to operate at full capacity, 48 weeks a year, five days a week, with complete access and transportation to dental and vision services beginning in 2014. 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, three wet multipurpose rooms, classroom space, indoor pool and outdoor pool. The facility serves approximately 790 youth annually.

Ferguson Middle School Club

This school-based site opened to serve youth in Ferguson and surrounding communities right on time for Summer Camp on June 8, 2015. The Club serves 550 members and is located in the Ferguson Middle School.

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, 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. More than 335 elementary school-age members at five St. Louis Public Schools were mentored by over 250 Mentors through the Club's Mentor St. Louis Program. Also included is the "Be Great Graduate Program" at Roosevelt High School and Normandy High School.

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, 2015. The Organization's tax returns for the tax years ended 2012 and later remain subject to examination by taxing authorities.

Reclassifications

Certain items in the 2014 financial statements have been reclassified, where appropriate, to confirm to the presentation used in the 2015 financial statements.

Subsequent Events

Management has evaluated subsequent events through June 30, 2016, the date which the financial statements were available for issue.

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 Hazelwood School District to offer programs at Hazelwood East Middle School, South East Middle School, and Ferguson Middle 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:

	2015		2014	
	Cost	**Fair Value**	Cost	Fair Value
Cash and cash equivalents	**$ 701,654**	**$ 701,654**	$ 243,379	$ 243,379
Mutual funds	**2,665,720**	**2,488,374**	2,493,724	2,580,024
Government obligations	**334,003**	**336,103**	187,931	187,510
Corporate bonds	**282,251**	**287,494**	188,887	193,072
Corporate stocks	**2,243,305**	**2,403,140**	752,755	874,923
	$ 6,226,933	**$ 6,216,765**	$ 3,866,676	$ 4,078,908

For the years ended December 31, 2015 and 2014, unrealized losses of $225,400 and $132,060, respectively, were recorded to adjust investments to fair value. For the years ended December 31, 2015 and 2014, realized gains of $110,409 and $160,867, respectively, were recorded from the sale of investments.

Investment fees of $48,916 and $36,783 were incurred in 2015 and 2014, respectively, and are netted against interest and dividend income.

Investments are classified in several funds as follows:

	2015	2014
Amberg Fund	**$ 1,083,909**	$ 817,907
Assets permanently restricted for endowment	**3,301,682**	3,235,389
Other funds and general investments	**1,831,174**	25,612
	$ 6,216,765	$ 4,078,908

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, 2015 and 2014:

	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

	2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds	$ 2,580,024	$ —	$ —	$ 2,580,024
Government obligations	—	187,510	—	187,510
Corporate bonds	—	193,072	—	193,072
Corporate stocks	874,923	—	—	874,923
Total Assets	$ 3,454,947	$ 380,582	$ —	$ 3,835,529

At December 31, 2015 and 2014, 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 2015 and 2014, 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, 2015 and 2014, unconditional promises to give are expected to be collected as follows:

	2015	2014
Pledges due in less than one year	**$ 1,224,703**	$ 1,349,027
Pledges due in 1 - 5 years	**397,500**	250,000
Less: Present value discount	**(27,100)**	(8,450)
	1,595,103	1,590,577
Less: Allowance for doubtful accounts	**(14,080)**	(14,080)
	$ 1,581,023	$ 1,576,497

Promises to give receivable in more than one year are discounted at a rate of 3.5%-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 2015 and 2014 of $602,825 and $618,763, respectively, were recorded as temporarily restricted contributions and related promises to give at December 31, 2015 and 2014, 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, 2014, $200,000 of the promise to give was included in permanently restricted net assets for education and career development programs. All outstanding amounts were paid during 2015.

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 final payment of $100,000 was made in 2014. Receipt of the funding each year was conditional upon the local corporation's financial success.

The Organization received an additional long-term conditional promise to give from a local corporation for approximately $500,000 to support the after-school and other youth programs in North St. Louis County, Missouri. Payments began in 2015 and will continue through 2019. Receipt of the funding each year is conditional upon the local corporation's financial success. At December 31, 2015, $100,000 had been received.

6. Property And Equipment

Property and equipment consist of:

	2015	2014
Land	**$ 698,206**	$ 698,206
Land improvements	**194,021**	136,855
Buildings and improvements	**16,680,611**	16,671,674
Furniture and equipment	**1,335,694**	1,127,691
	18,908,532	18,634,426
Less: Accumulated depreciation	**7,384,937**	6,884,735
	$ 11,523,595	$ 11,749,691

Depreciation expense charged to revenues amounted to $500,202 in 2015 and $508,508 in 2014.

7. Long-Term Debt

The following is a summary of long-term debt:

	2015	2014
Note payable - Illinois Facility Fund, principal and interest are payable monthly in equal installments of $8,304 through July 1, 2024. The loan is secured by a first deed of trust on the property on North Grand. The note bears interest at 5.75% fixed rate through July 2014. As of July 2014, the note bears interest at 5%. Interest is recalculated every five years, so the interest rate was adjusted in July 2014 and will be adjusted again in 2019.	**$ 671,166**	$ 732,243
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.	**404,219**	457,409
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.	**446,700**	492,607
	1,522,085	1,682,259
Less: Current maturities of long-term debt	**166,489**	160,089
	$ 1,355,596	$ 1,522,170

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, 2015 are as follows:

Year	**Amount**
2016	$ 166,489
2017	173,069
2018	179,923
2019	187,064
2020	194,505
Thereafter	621,035
	$ 1,522,085

8. Restricted Net Assets

Temporarily restricted net assets are restricted as follows:

	2015	2014
United Way - time restricted (Note 5)	**$ 602,825**	$ 618,763
Time restrictions - other	**1,270,000**	564,035
Unappropriated endowment earnings	**109,860**	262,489
North County programs	**1,337,900**	41,500
Adams Park programs	—	187,500
Transportation	**160,000**	—
Teen programs	**56,155**	—
Gymnasium repairs	**50,000**	—
Various programs	—	6,300
	$ 3,586,740	$ 1,680,587

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

	2015	2014
Expiration of time restrictions - United Way	**$ 618,763**	$ 619,751
Expiration of time restrictions - other	**241,550**	300,000
Appropriated endowment earnings	**137,602**	89,600
Adams Park programs	**187,500**	312,500
Dental clinic	—	17,500
Summer program	**55,000**	27,500
Education programs	**110,000**	176,000
Teen programs	**50,330**	33,633
Swimming pool and locker room renovation	—	28,700
Get Kids to the Club initiative	—	60,000
Triple Play program	**30,000**	30,000
Club operations	**507,500**	—
Transportation	**80,000**	—
Restoration of Amberg Fund	**260,000**	—
North County programs	**394,000**	—
O'Fallon Park Club	**100,000**	—
Resource development expansion	—	20,000
Various programs	**108,994**	58,357
	$ 2,881,239	$ 1,773,541

As described in Note 9, the Board of Directors has designated the spending of the Amberg Fund. As of December 31, 2015 and 2014, the balance in the Amberg Fund was $1,083,909 and $817,907 respectively.

Permanently restricted net assets are subject to the following restrictions:

	2015	2014
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**	—
	$ 3,197,900	$ 3,172,900

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, 2015 and 2014, the net asset composition of the endowments is as follows:

	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

	2014			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Taylor Fund	$ —	$ 114,924	$ 1,000,000	$ 1,114,924
Mentor St. Louis Fund	—	46,727	672,900	719,627
Emerson Fund	—	34,866	500,000	534,866
Mary Ann Lee Fund	—	65,972	800,000	865,972
	$ —	$ 262,489	$ 2,972,900	$ 3,235,389

The changes in the endowment net assets for the years ended December 31, 2015 and 2014 are as follows:

	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Balance - January 1, 2014	$ —	$ 260,763	$ 2,672,900	$ 2,933,663
Interest and dividends, net	—	90,398	—	90,398
Realized gain	—	134,420	—	134,420
Unrealized loss	—	(133,492)	—	(133,492)
Total investment return	—	91,326	—	91,326
Contributions	—	—	300,000	300,000
Amounts appropriated for spending	—	(89,600)	—	(89,600)
Balance - December 31, 2014	—	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

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 result from unfavorable investment market conditions during previous years and are reported in unrestricted net assets. No deficiencies were noted as of December 31, 2015 or 2014.

10. Line Of Credit

In October 2012, the Organization entered into a $200,000 line of credit agreement. The line of credit, which expires on October 20, 2016, 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, 2015 and 2014, 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 $48,581 and $37,945 for the years ended December 31, 2015 and 2014, respectively. In 2015 and 2014, the Organization offered a match equal to 2.5% of employee contributions. As of December 31, 2015 and 2014, the Organization had estimated accrued contributions outstanding of $42,397 and $36,603, respectively, which are included in accounts payable and accrued expenses in the statement of financial position.

13. Related Party Transactions

During the years ended December 31, 2015 and 2014, the Organization received $873,862 and $196,534, respectively, in contributions from Board members and companies at which Board members are executives or owners.