
**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, 2017



**BOYS & GIRLS CLUBS
OF GREATER ST. LOUIS**

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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, 2017 and 2016, 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, 2017 and 2016, 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.

RubinBrown LLP

June 29, 2018

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

STATEMENT OF FINANCIAL POSITION

Assets

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and cash equivalents	\$ 2,046,388	\$ 545,903
Investments (Note 3)	2,481,512	2,950,102
Unconditional promises to give - current (Note 5)	2,692,580	1,488,946
Accounts receivable	98,043	25,474
Prepaid insurance	55,544	49,560
Total Current Assets	7,374,067	5,059,985
Unconditional Promises To Give - Long-Term (Note 5)	1,461,468	1,289,230
Property And Equipment (Notes 6 And 7)	11,134,634	11,287,459
Assets Restricted For Permanent Endowment (Notes 3 And 9)	5,258,150	3,197,900
Total Assets	\$ 25,228,319	\$ 20,834,574

Liabilities And Net Assets

Current Liabilities		
Current maturities of long-term debt (Note 7)	\$ 179,923	\$ 173,069
Accounts payable and accrued expenses	365,360	250,465
Total Current Liabilities	545,283	423,534
Long-Term Debt (Note 7)	1,002,474	1,182,226
Total Liabilities	1,547,757	1,605,760
Net Assets		
Unrestricted Net Assets:		
Operating	1,498,793	1,956,128
Unrestricted - invested in property and equipment	9,952,237	9,932,164
Total Unrestricted Net Assets	11,451,030	11,888,292
Temporarily Restricted (Note 8)	6,971,382	4,142,622
Permanently Restricted (Notes 8 and 9)	5,258,150	3,197,900
Total Net Assets	23,680,562	19,228,814
Total Liabilities And Net Assets	\$ 25,228,319	\$ 20,834,574

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

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues And Support				
Contributions	\$ 1,563,685	\$ 4,622,669	\$ 2,060,250	\$ 8,246,604
Grants and special purpose revenue	753,033	520,258	—	1,273,291
United Way (Note 5)	5,260	552,401	—	557,661
In-kind donations	68,639	—	—	68,639
Membership and program fees	506,121	—	—	506,121
Fundraising event revenue (net of direct costs of benefits to donors of \$310,121)	567,314	—	—	567,314
Miscellaneous income	17,812	—	—	17,812
	3,481,864	5,695,328	2,060,250	11,237,442
Net assets released from restrictions (Note 8)	3,393,228	(3,393,228)	—	—
Total Revenues And Support	6,875,092	2,302,100	2,060,250	11,237,442
Expenses				
Herbert Hoover club	1,982,324	—	—	1,982,324
Adams Park club	959,452	—	—	959,452
South East Middle School club	300,622	—	—	300,622
Hazelwood East High School	27,537	—	—	27,537
Grannemann Elementary School club	472,580	—	—	472,580
O'Fallon Park club	374,227	—	—	374,227
Ferguson Middle School club	264,733	—	—	264,733
Riverview Gardens club	488,607	—	—	488,607
Lee Hamilton Elementary School club	397,673	—	—	397,673
Roosevelt High School	217,601	—	—	217,601
Normandy High School	372,407	—	—	372,407
Mentor St. Louis	296,993	—	—	296,993
Total Program Services	6,154,756	—	—	6,154,756
General and administrative	700,857	—	—	700,857
Development and fundraising	623,795	—	—	623,795
Total Supporting Services	1,324,652	—	—	1,324,652
Total Expenses	7,479,408	—	—	7,479,408
Increase (Decrease) In Net Assets				
From Operations	(604,316)	2,302,100	2,060,250	3,758,034
Interest And Dividend Income, Net (Note 3)	25,167	52,095	—	77,262
Net Realized And Unrealized Gains On				
Investments (Note 3)	141,887	474,565	—	616,452
Increase (Decrease) In Net Assets	(437,262)	2,828,760	2,060,250	4,451,748
Net Assets - Beginning Of Year	11,888,292	4,142,622	3,197,900	19,228,814
Net Assets - End Of Year	\$ 11,451,030	\$ 6,971,382	\$ 5,258,150	\$ 23,680,562

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
Granneman 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

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

STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended December 31, 2017

	Program Services													Total Program
	Herbert Hoover Club	Adams Park Club	South East Middle School Club	Hazelwood East High School	Grannemann Elementary School Club	O'Fallon Park Club	Ferguson Middle School Club	Riverview Gardens Club	Lee Hamilton Elementary School Club	Roosevelt High School	Normandy High School	Mentor St. Louis		
Personnel expenses	\$ 1,036,844	\$ 612,563	\$ 223,947	\$ 9,200	\$ 390,633	\$ 309,133	\$ 207,647	\$ 370,310	\$ 318,968	\$ 193,359	\$ 318,230	\$ 258,436	\$ 4,249,270	
Advertising and promotions	233	233	359	125	652	483	325	9,667	449	333	233	375	13,467	
Conferences, conventions and meetings	4,247	1,446	907	3	966	1,711	1,338	1,642	679	1,284	1,563	3,366	19,152	
Contracted services and program supplies	94,782	51,080	40,771	3,743	41,903	42,918	42,791	70,806	42,534	8,481	35,772	16,298	491,879	
Depreciation	363,257	170,426	—	—	—	—	—	—	—	—	—	—	533,683	
Dues and subscriptions	2,154	917	276	22	424	300	230	427	337	200	324	238	5,849	
Equipment rental and maintenance	23,237	16,102	1,824	131	2,283	1,776	1,294	2,788	1,889	1,034	1,769	1,410	55,537	
Interest expense	46,445	—	—	—	—	—	—	—	—	—	—	—	46,445	
Liability insurance	43,760	26,642	16,788	17	10,477	6,797	4,685	9,310	7,542	131	224	4,704	131,077	
Occupancy	306,580	43,379	390	36	612	484	342	633	515	282	483	384	354,120	
Office supplies	15,541	8,954	3,121	4,637	6,186	3,089	2,203	11,120	7,183	3,792	4,675	8,013	78,514	
Other - bank and merchant fees	—	—	—	—	—	—	—	—	—	—	—	—	—	
Postage and shipping	28	14	130	—	7	5	4	133	6	3	5	4	339	
Printing and publishing	1,960	563	414	301	846	352	234	710	325	92	93	38	5,928	
Professional fees	—	—	150	—	—	450	—	2,000	—	—	—	—	2,600	
Telecommunication and technology	29,206	21,844	7,951	9,281	15,213	3,233	392	4,662	15,682	5,851	5,680	2,905	121,900	
Travel	14,050	5,289	3,594	41	2,378	3,496	3,248	4,399	1,564	2,759	3,356	822	44,996	
	\$ 1,982,324	\$ 959,452	\$ 300,622	\$ 27,537	\$ 472,580	\$ 374,227	\$ 264,733	\$ 488,607	\$ 397,673	\$ 217,601	\$ 372,407	\$ 296,993	\$ 6,154,756	

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

STATEMENT OF FUNCTIONAL EXPENSES *(Continued)* For The Year Ended December 31, 2017

	Total Program (from previous page)	Supporting Services			Total Supporting Services	Total
		General And Administrative	Development And Fundraising			
Personnel expenses	\$ 4,249,270	\$ 384,185	\$ 394,578	\$ 778,763	\$ 5,028,033	
Advertising and promotions	13,467	51,940	7,000	58,940	72,407	
Conferences, conventions and meetings	19,152	24,432	2,543	26,975	46,127	
Contracted services and program supplies	491,879	476	3,666	4,142	496,021	
Depreciation	533,683	39,767	—	39,767	573,450	
Dues and subscriptions	5,849	29,310	111	29,421	35,270	
Equipment rental and maintenance	55,537	9,179	4,303	13,482	69,019	
Interest expense	46,445	5,161	—	5,161	51,606	
Liability insurance	131,077	—	—	—	131,077	
Occupancy	354,120	650	—	650	354,770	
Office supplies	78,514	29,893	16,206	46,099	124,613	
Other - bank and merchant fees	—	35,528	1,695	37,223	37,223	
Postage and shipping	339	10,134	379	10,513	10,852	
Printing and publishing	5,928	6,806	17,565	24,371	30,299	
Professional fees	2,600	54,444	159,990	214,434	217,034	
Telecommunication and technology	121,900	7,656	13,875	21,531	143,431	
Travel	44,996	11,296	1,884	13,180	58,176	
	\$ 6,154,756	\$ 700,857	\$ 623,795	\$ 1,324,652	\$ 7,479,408	

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
	Total Program (from previous)	General And Administrative	Development And Fundraising	Total Supporting Services		
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 CASH FLOWS

	For The Years Ended December 31,	
	2017	2016
Cash Flows From Operating Activities		
Increase in net assets	\$ 4,451,748	\$ 568,846
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	573,450	539,131
Contributions of property and equipment	(45,047)	—
Contributions restricted for endowment	(2,060,250)	—
Realized and unrealized gains on investments	(616,452)	(192,258)
Changes in assets and liabilities:		
Increase in unconditional promises to give	(1,375,872)	(824,671)
(Increase) decrease in accounts receivable	(72,569)	84,271
Increase in prepaid insurance	(5,984)	(16,055)
Increase in accounts payable and accrued expenses	114,895	81,562
Net Cash Provided By Operating Activities	963,919	240,826
Cash Flows From Investing Activities		
Proceeds from sale of investments	3,366,267	3,051,886
Purchases of investments	(2,341,475)	(2,790,865)
Proceeds from sale of property and equipment	—	36,333
Purchases of property and equipment	(375,578)	(339,328)
Net Cash Provided By (Used In) Investing Activities	649,214	(41,974)
Cash Flows From Financing Activities		
Payments on long-term debt	(172,898)	(166,790)
Proceeds from endowment contributions	2,060,250	6,078
Net Cash Provided By (Used In) Financing Activities	1,887,352	(160,712)
Net Increase In Cash And Cash Equivalents	3,500,485	38,140
Cash And Cash Equivalents - Beginning Of Year	545,903	507,763
Cash And Cash Equivalents - End Of Year	\$ 4,046,388	\$ 545,903
Supplemental Disclosure Of Cash Flow Information		
Interest paid	\$ 52,097	\$ 64,908
Cash And Cash Equivalents, End of Year, Consist Of The Following:		
Cash and cash equivalents	\$ 2,046,388	\$ 545,903
Assets restricted for permanent endowment	2,000,000	—
	\$ 4,046,388	\$ 545,903

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 And 2016

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, 2017 or 2016.

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, 2017 or 2016.

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. No donated services were received in 2017 or 2016.

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

Notes To Financial Statements (*Continued*)

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.

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

Notes To Financial Statements (*Continued*)

Hazelwood East High School

Thanks to a 21st Century CCLC grant, a Project Learn PLUS program at Hazelwood East High School opened in 2017. This program offers a wide range of high energy activities designed to improve student academic achievement and address the multiple needs and interests of children and families. Members of the program receive homework assistance, access to a social worker and guidance counselor, college and career prep, tutoring, ACT prep, engage in sports and music activities and more.

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. RVGC operates five days a week, sharing classroom space, a music room, cafeteria, a computer lab and gymnasium to provide educational, recreational, and social activities.

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

Notes To Financial Statements (*Continued*)

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.

Roosevelt High School

The BE GREAT: Graduate program is offered at Roosevelt High School beginning in 2017. This program is a comprehensive, targeted dropout prevention intervention designed to enhance youths' engagement with learning by providing consistent support from caring and trusted adults to develop the academic, emotional and social skills necessary to achieve academic success.

Normandy High School

The BE GREAT: Graduate program is offered at Normandy High School beginning in 2017. This program is a comprehensive, targeted dropout prevention intervention designed to enhance youths' engagement with learning by providing consistent support from caring and trusted adults to develop the academic, emotional and social skills necessary to achieve academic success.

Mentor St. Louis

Mentor St. Louis (MSL) was founded in 1995 matches caring adults with elementary school children to enhance literacy and reading skills, trigger discussions, creative thinking and build students' self-esteem. Over 200 Mentors through the Club's Mentor St. Louis Program mentored more than 300 elementary school-age members at five St. Louis Public Schools.

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.

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

Notes To Financial Statements *(Continued)*

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, 2017. The Organization's tax returns for the tax years ended 2014 and later remain subject to examination by taxing authorities.

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, Lee Hamilton Elementary School, Roosevelt High School, and Normandy High 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.

In 2015 the Organization started a capital campaign, raising money to operate locations in North County, St Louis. This campaign includes plans to build a Teen Center in Ferguson, Missouri.

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

Notes To Financial Statements (Continued)

3. Investments

Investments consist of:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 565,639	\$ 565,639	\$ 1,751,126	\$ 1,751,126
Mutual funds	1,641,699	1,767,767	1,501,431	1,564,277
Government obligations	345,054	327,952	232,593	233,275
Corporate bonds	139,627	142,605	218,337	216,215
Corporate stocks	2,324,480	2,935,699	2,163,580	2,383,109
	\$ 5,016,499	\$ 5,739,662	\$ 5,867,067	\$ 6,148,002

For the years ended December 31, 2017 and 2016, unrealized gains of \$488,085 and \$290,093, respectively, were recorded to adjust investments to fair value. For the years ended December 31, 2017 and 2016, realized gains of \$128,367 and realized losses of \$97,835, respectively, were recorded from the sale of investments.

Investment fees of \$50,944 and \$53,756 were incurred in 2017 and 2016, respectively, and are netted against interest and dividend income.

Investments are classified in several funds as follows:

	2017	2016
Amberg Fund	\$ 1,198,875	\$ 1,080,301
Endowment		
Permanently restricted	3,258,150	3,197,900
Temporarily restricted	562,323	174,327
Other funds and general investments	720,314	1,695,474
	\$ 5,739,662	\$ 6,148,002

The Amberg Fund is board-designated.

The assets held for permanent endowment consist of the following:

	2017	2016
Investments	\$ 3,258,150	\$ 3,197,900
Cash	2,000,000	—
	\$ 5,258,150	\$ 3,197,900

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.

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

Notes To Financial Statements (Continued)

The following are the major categories of assets measured at fair value on a recurring basis at December 31, 2017 and 2016:

	2017			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,767,767	\$ —	\$ —	\$ 1,767,767
Government obligations	—	327,952	—	327,952
Corporate bonds	—	142,605	—	142,605
Corporate stocks	2,935,699	—	—	2,935,699
Total Assets	\$ 4,703,466	\$ 470,557	\$ —	\$ 5,174,023

	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

At December 31, 2017 and 2016, 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 2017 and 2016, there were no changes in the methods or assumptions utilized to derive the fair value of the Organization's assets.

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

Notes To Financial Statements (Continued)

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, 2017 and 2016, unconditional promises to give are expected to be collected as follows:

	<u>2017</u>	<u>2016</u>
Pledges due in less than one year	\$ 2,706,660	\$ 1,503,026
Pledges due in 1 - 5 years	1,557,041	1,368,047
Less: Present value discount	(95,573)	(78,817)
	<u>4,168,128</u>	<u>2,792,256</u>
Less: Allowance for doubtful accounts	(14,080)	(14,080)
	<u>\$ 4,154,048</u>	<u>\$ 2,778,176</u>

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 2017 and 2016 of \$552,401 and \$602,825 were recorded as temporarily restricted contributions and related promises to give at December 31, 2017 and 2016, respectively (Note 8).

6. Property And Equipment

Property and equipment consist of:

	<u>2017</u>	<u>2016</u>
Land	\$ 674,206	\$ 674,206
Land improvements	242,030	222,332
Buildings and improvements	17,147,042	16,928,556
Furniture and equipment	1,512,617	1,386,432
	<u>19,575,895</u>	<u>19,211,526</u>
Less: Accumulated depreciation	8,497,517	7,924,067
	<u>11,078,378</u>	<u>11,287,459</u>
Construction in progress	56,256	—
	<u>\$ 11,134,634</u>	<u>\$ 11,287,459</u>

Depreciation expense charged to revenues amounted to \$573,450 in 2017 and \$539,131 in 2016.

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

Notes To Financial Statements (Continued)

7. Long-Term Debt

The following is a summary of long-term debt:

	<u>2017</u>	<u>2016</u>
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 bore 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.	\$ 539,178	\$ 606,664
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 and 2.89% through September 2017. As of October 2017, the note bears interest at 3.17%. Interest was recalculated every five years, but will remain unchanged through maturity.	293,290	349,471
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.	349,929	399,160
	<u>1,182,397</u>	<u>1,355,295</u>
Less: Current maturities of long-term debt	<u>179,923</u>	<u>173,069</u>
	<u>\$ 1,002,474</u>	<u>\$ 1,182,226</u>

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, 2017 are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 179,923
2019	187,064
2020	194,505
2021	202,260
2022	195,965
Thereafter	222,680
	<u>\$ 1,182,397</u>

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

Notes To Financial Statements (Continued)

8. Restricted Net Assets

Temporarily restricted net assets are restricted as follows:

	<u>2017</u>	<u>2016</u>
United Way - time restricted (Note 5)	\$ 552,401	\$ 602,825
Time restrictions - other	—	520,000
Unappropriated endowment earnings	562,323	174,327
North County programs	538,366	1,395,500
Adams Park programs	250,000	490,850
Transportation	—	80,000
Teen programs	98,170	176,842
Teen center	4,435,680	—
Be Great: Graduate programs	534,442	702,278
	<u>\$ 6,971,382</u>	<u>\$ 4,142,622</u>

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

	<u>2017</u>	<u>2016</u>
Expiration of time restrictions - United Way	\$ 602,825	\$ 602,825
Expiration of time restrictions - other	—	250,000
Appropriated endowment earnings	138,664	111,059
Adams Park programs	250,000	250,000
Summer program	75,000	76,000
Education programs	401,458	229,788
Teen programs	82,267	132,043
Capital improvements	10,141	174,716
Club operations	500,000	500,000
Transportation	80,000	80,000
North County programs	917,500	815,335
O'Fallon Park Club	100,000	100,000
Be Great: Graduate programs	201,073	420,936
Various programs	34,300	16,030
	<u>\$ 3,393,228</u>	<u>\$ 3,758,732</u>

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

Notes To Financial Statements (Continued)

Permanently restricted net assets are subject to the following restrictions:

	<u>2017</u>	<u>2016</u>
Taylor Fund for character and leadership programs	\$ 1,000,000	\$ 1,000,000
Mentor St. Louis Fund for school-based mentoring programs	677,900	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	30,250	25,000
Crawford Taylor Fund for compensation for club professionals	2,000,000	—
DeHaven Fund for scholarships	50,000	—
	<u>\$ 5,258,150</u>	<u>\$ 3,197,900</u>

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:

<u>Endowment Fund</u>	<u>Purpose Restriction</u>	<u>Year Established</u>
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
Crawford Taylor Fund	Compensation for club professionals	2017
DeHaven Fund	Scholarships	2017

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

Notes To Financial Statements (Continued)

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, 2017 and 2016, the asset composition of the endowments is as follows:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Taylor Fund	\$ —	\$ 215,854	\$ 1,000,000	\$ 1,215,854
Mentor St. Louis Fund	—	120,006	677,900	797,906
Emerson Fund	—	70,604	500,000	570,604
Mary Ann Lee Fund	—	148,953	1,000,000	1,148,953
Joan Silber Fund	—	3,834	30,250	34,084
DeHaven Fund	—	3,072	50,000	53,072
Crawford Taylor Fund	—	—	2,000,000	2,000,000
	\$ —	\$ 562,323	\$ 5,258,150	\$ 5,820,473

	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

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

Notes To Financial Statements (Continued)

The changes in the endowment assets for the years ended December 31, 2017 and 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance - January 1, 2016	\$ —	\$ 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
Interest and dividends, net	\$ —	\$ 52,095	\$ —	\$ 52,095
Realized gain	—	94,825	—	94,825
Unrealized gain	—	379,740	—	379,740
Total investment return	—	526,660	—	526,660
Contributions	—	—	2,060,250	2,060,250
Amounts appropriated for spending	—	(138,664)	—	(138,664)
Balance - December 31, 2017	\$ —	\$ 562,323	\$ 5,258,150	\$ 5,820,473

No underwater endowments were noted as of December 31, 2017 or 2016.

10. Line Of Credit

The Organization entered into a \$200,000 line of credit agreement, which expires on October 18, 2018, 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, 2017 and 2016, 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 \$48,683 for the years ended December 31, 2017 and 2016, respectively. In 2017 and 2016, the Organization offered a match equal to 2.5% of employee contributions. As of December 31, 2017 and 2016, the Organization had estimated accrued contributions outstanding of \$45,466 and \$44,761, respectively, which are included in accounts payable and accrued expenses in the statement of financial position.

13. Subsequent Events

The Organization had intentions during 2017 to purchase land for the Ferguson Teen Center. In May 2018, the land was purchased for total consideration of \$700,000.

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

Mr. Flint Fowler
Boys and Girls Clubs of Greater St. Louis, Inc.
2901 North Grand Avenue
St. Louis, Missouri 63107

Dear Flint:

Enclosed are your copies of the financial statements for Boys and Girls Clubs of Greater St. Louis, Inc. as of December 31, 2017.

We appreciate the opportunity to be of continued service to you. If we may furnish you with any additional information, please feel free to contact us.

Very truly yours,

RubinBrown LLP

Steven L. Harris, CPA
Partner
Direct Dial Number: 314.290.3265
E-mail: steven.harris@rubinbrown.com

SLH:rss

Enclosures