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**MATHEWS-DICKEY**  
**BOYS' & GIRLS' CLUB**  
FINANCIAL STATEMENTS  
DECEMBER 31, 2014

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## Independent Auditors' Report

Board of Directors  
Mathews-Dickey Boys' & Girls' Club  
St. Louis, Missouri

### Report On Financial Statements

We have audited the accompanying financial statements of Mathews-Dickey Boys' & Girls' Club, a not-for-profit organization, which comprise the statement of financial position as of December 31, 2014 and 2013, 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 Mathews-Dickey Boys' & Girls' Club as of December 31, 2014 and 2013, 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, 2015

# MATHEWS-DICKEY BOYS' & GIRLS' CLUB

## STATEMENT OF FINANCIAL POSITION

	December 31,	
	2014	2013
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 254,477	\$ 118,095
Short-term investments (Note 4)	—	9,131
Pledges receivable, net (Note 3)	137,368	135,725
Pledge receivable - United Way	402,520	444,729
Prepaid expenses and other assets	42,530	2,377
<b>Total Current Assets</b>	<b>836,895</b>	<b>710,057</b>
<b>Property And Equipment (Note 5)</b>	<b>1,944,707</b>	<b>2,095,000</b>
<b>Restricted Cash</b>	<b>4,309</b>	<b>4,308</b>
<b>Restricted Cash - Endowment (Note 7)</b>	<b>128,000</b>	<b>—</b>
<b>Investments (Notes 4 And 8)</b>	<b>—</b>	<b>160,723</b>
<b>Pledges Receivable - Long-Term, Net (Note 3)</b>	<b>—</b>	<b>91,413</b>
<b>Total Assets</b>	<b>\$ 2,913,911</b>	<b>\$ 3,061,501</b>
<b>Liabilities And Net Assets</b>		
<b>Current Liabilities</b>		
Bank overdrafts	\$ —	\$ 32,495
Accounts payable	137,393	215,105
Accrued expenses and other liabilities	59,604	60,395
<b>Total Current Liabilities</b>	<b>196,997</b>	<b>307,995</b>
<b>Net Assets</b>		
Unrestricted	1,681,432	1,818,539
Temporarily restricted (Note 6)	907,482	806,967
Permanently restricted (Note 7)	128,000	128,000
<b>Total Net Assets</b>	<b>2,716,914</b>	<b>2,753,506</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 2,913,911</b>	<b>\$ 3,061,501</b>

# MATHEWS-DICKEY BOYS' & GIRLS' CLUB

## STATEMENT OF ACTIVITIES

For The Years Ended December 31,

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Public Support And Revenue</b>								
<b>Public Support</b>								
United Way	\$ 5,189	\$ 402,520	\$ —	\$ 407,709	\$ 7,292	\$ 444,729	\$ —	\$ 452,021
Contributions	588,055	83,465	—	671,520	586,760	11,438	—	598,198
In-kind donations	257,510	—	—	257,510	307,034	—	—	307,034
Banquets and special events	481,716	120,000	—	601,716	433,700	—	—	433,700
Memberships	31,643	—	—	31,643	36,945	—	—	36,945
Net assets released from restrictions (Note 6)	505,470	(505,470)	—	—	540,685	(540,685)	—	—
<b>Total Public Support</b>	<b>1,869,583</b>	<b>100,515</b>	<b>—</b>	<b>1,970,098</b>	<b>1,912,416</b>	<b>(84,518)</b>	<b>—</b>	<b>1,827,898</b>
<b>Revenue</b>								
Registration fees	79,426	—	—	79,426	66,509	—	—	66,509
Net realized and unrealized gains								
on investments	1,380	—	—	1,380	30,576	—	—	30,576
Interest and dividends	1,983	—	—	1,983	10,316	—	—	10,316
Room rental	21,180	—	—	21,180	23,394	—	—	23,394
Miscellaneous revenue	55,432	—	—	55,432	41,645	—	—	41,645
<b>Total Revenue</b>	<b>159,401</b>	<b>—</b>	<b>—</b>	<b>159,401</b>	<b>172,440</b>	<b>—</b>	<b>—</b>	<b>172,440</b>
<b>Total Public Support And Revenue</b>	<b>2,028,984</b>	<b>100,515</b>	<b>—</b>	<b>2,129,499</b>	<b>2,084,856</b>	<b>(84,518)</b>	<b>—</b>	<b>2,000,338</b>
<b>Expenses</b>								
Program services	1,434,008	—	—	1,434,008	1,498,854	—	—	1,498,854
General and administrative	332,775	—	—	332,775	485,483	—	—	485,483
Fundraising	399,308	—	—	399,308	592,028	—	—	592,028
<b>Total Expenses</b>	<b>2,166,091</b>	<b>—</b>	<b>—</b>	<b>2,166,091</b>	<b>2,576,365</b>	<b>—</b>	<b>—</b>	<b>2,576,365</b>
<b>Increase (Decrease) In Net Assets Prior To</b>								
<b>Involuntary Conversion</b>	(137,107)	100,515	—	(36,592)	(491,509)	(84,518)	—	(576,027)
<b>Gain From Involuntary Conversion (Note 13)</b>	—	—	—	—	32,752	—	—	32,752
<b>Increase (Decrease) In Net Assets</b>	(137,107)	100,515	—	(36,592)	(458,757)	(84,518)	—	(543,275)
<b>Net Assets - Beginning Of Year</b>	1,818,539	806,967	128,000	2,753,506	2,277,296	891,485	128,000	3,296,781
<b>Net Assets - End Of Year</b>	\$ 1,681,432	\$ 907,482	\$ 128,000	\$ 2,716,914	\$ 1,818,539	\$ 806,967	\$ 128,000	\$ 2,753,506

# MATHEWS-DICKEY BOYS' & GIRLS' CLUB

## STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended December 31, 2014

	Program Services					Supporting Services			Total
	Athletics	Education	Cultural	Summer	Total	Management And		Total	
			Arts	Camp	Program	General	Fundraising	Supporting Services	
Salaries and Related Expenses:									
Salaries	\$ 222,623	\$ 20,000	\$ 42,248	\$ 46,181	\$ 331,052	\$ 181,115	\$ 143,965	\$ 325,080	\$ 656,132
Payroll taxes and fringe benefits	62,585	5,000	11,637	12,721	91,943	77,698	46,980	124,678	216,621
Total Salaries And Related Expenses	285,208	25,000	53,885	58,902	422,995	258,813	190,945	449,758	872,753
Other Expenses:									
Printing and artwork	—	—	—	—	—	—	15,448	15,448	15,448
Contract labor	49,932	800	1,408	6,895	59,035	3,569	31,312	34,881	93,916
Volunteer hours	7,300	79,300	—	—	86,600	—	—	—	86,600
Transportation	19,321	1,458	—	400	21,179	272	4,302	4,574	25,753
Postage and shipping	884	—	—	—	884	102	1,754	1,856	2,740
Scholarships and awards	5,414	30,000	—	—	35,414	—	—	—	35,414
Occupancy	48,540	19,844	6,790	10,759	85,933	9,354	4,756	14,110	100,043
Telephone	18,083	7,427	2,583	4,198	32,291	3,751	3,281	7,032	39,323
Insurance	31,517	12,945	4,502	7,317	56,281	7,065	8,822	15,887	72,168
Equipment and supplies	157,330	10,794	2,143	26,522	196,789	4,348	7,349	11,697	208,486
Repairs and maintenance	50,003	686	—	—	50,689	5,375	3,521	8,896	59,585
Professional services	137,300	9,741	—	—	147,041	14,344	22,551	36,895	183,936
Fundraising and special events	26,503	13,530	1,389	570	41,992	487	92,734	93,221	135,213
Miscellaneous	28,432	500	—	—	28,932	4,868	2,654	7,522	36,454
Total Other Expenses	580,559	187,025	18,815	56,661	843,060	53,535	198,484	252,019	1,095,079
Depreciation	102,451	21,834	26,873	16,795	167,953	20,427	9,879	30,306	198,259
	\$ 968,218	\$ 233,859	\$ 99,573	\$ 132,358	\$ 1,434,008	\$ 332,775	\$ 399,308	\$ 732,083	\$ 2,166,091

# MATHEWS-DICKEY BOYS' & GIRLS' CLUB

## STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended December 31, 2013

	Program Services					Supporting Services				Total
	Athletics	Education	Cultural	Summer	Total	Management And		Total Supporting		
			Arts	Camp	Program	General	Fundraising	Services		
Salaries and Related Expenses:										
Salaries	\$ 296,723	\$ 18,420	\$ 100,958	\$ 42,948	\$ 459,049	\$ 149,030	\$ 221,400	\$ 370,430	\$ 829,479	
Payroll taxes and fringe benefits	110,539	7,945	33,312	11,823	163,619	157,159	80,443	237,602	401,221	
Total Salaries And Related Expenses	407,262	26,365	134,270	54,771	622,668	306,189	301,843	608,032	1,230,700	
Other Expenses:										
Printing and artwork	—	—	—	—	—	—	20,069	20,069	20,069	
Contract labor	36,841	1,640	505	28,900	67,886	21,172	20,797	41,969	109,855	
Volunteer hours	3,950	78,400	—	—	82,350	—	—	—	82,350	
Transportation	8,310	4	4	1,242	9,560	22,015	5,976	27,991	37,551	
Postage and shipping	3,444	734	903	565	5,646	1,104	3,065	4,169	9,815	
Scholarships and awards	9,294	30,000	—	—	39,294	—	—	—	39,294	
Occupancy	77,797	11,606	14,285	8,928	112,616	9,230	6,556	15,786	128,402	
Telephone	22,423	4,711	5,798	3,624	36,556	5,880	4,280	10,160	46,716	
Insurance	9,526	2,030	2,499	1,562	15,617	47,898	8,521	56,419	72,036	
Equipment and supplies	176,807	34,201	40,925	28,539	280,472	18,444	31,544	49,988	330,460	
Repairs and maintenance	20,385	1,452	1,230	769	23,836	1,404	4,261	5,665	29,501	
Service fees	—	—	—	—	—	8,536	—	8,536	8,536	
Professional services	5,060	1,078	1,327	830	8,295	37,716	488	38,204	46,499	
Fundraising and special events	3,423	3,609	512	402	7,946	1,273	172,003	173,276	181,222	
Miscellaneous	3,928	143	176	110	4,357	(17,484)	1,934	(15,550)	(11,193)	
Total Other Expenses	381,188	169,608	68,164	75,471	694,431	157,188	279,494	436,682	1,131,113	
Depreciation	110,871	23,628	29,081	18,175	181,755	22,106	10,691	32,797	214,552	
	\$ 899,321	\$ 219,601	\$ 231,515	\$ 148,417	\$ 1,498,854	\$ 485,483	\$ 592,028	\$ 1,077,511	\$ 2,576,365	



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# MATHEWS-DICKEY BOYS' & GIRLS' CLUB

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## STATEMENT OF CASH FLOWS

	For The Years	
	Ended December 31,	
	2014	2013
<b>Cash Flows From Operating Activities</b>		
Decrease in net assets	\$ (36,592)	\$ (543,275)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation	198,259	214,552
Net unrealized losses on investments	19,196	60,208
Net realized gains on investments	(20,576)	(90,784)
Donated property	(35,000)	(1,000)
Gain on involuntary conversion	—	(32,752)
Changes in assets and liabilities:		
Increase in pledges receivable - current	(1,643)	(18,784)
Decrease in pledges receivable - long-term	91,413	76,690
(Increase) decrease in pledge receivable - United Way	42,209	(5,000)
(Increase) decrease in prepaid expenses and other assets	(40,153)	6,673
Increase (decrease) in accounts payable	(34,819)	17,810
Decrease in accrued expenses and other liabilities	(791)	(65,790)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>181,503</b>	<b>(381,452)</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from involuntary conversion	—	42,725
Purchases of property and equipment	(55,859)	(15,713)
Purchases of investments	(151,411)	(381,592)
Sales of investments	313,514	803,913
<b>Net Cash Provided By Investing Activities</b>	<b>106,244</b>	<b>449,333</b>
<b>Cash Flows Provided By (Used In) Financing Activities</b>		
Increase (decrease) in bank overdraft	(32,495)	10,504
<b>Net Increase In Cash, Cash Equivalents, Restricted Cash And Short-Term Investments</b>	<b>255,252</b>	<b>78,385</b>
<b>Cash, Cash Equivalents, Restricted Cash And Short-Term Investments - Beginning Of Year</b>	<b>131,534</b>	<b>53,149</b>
<b>Cash, Cash Equivalents, Restricted Cash And Short-Term Investments - End Of Year</b>	<b>\$ 386,786</b>	<b>\$ 131,534</b>
<b>Supplemental Disclosure Of Cash Flow Information</b>		
Construction in progress included in accounts payable	\$ —	\$ 42,893

# MATHEWS-DICKEY BOYS' & GIRLS' CLUB

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2014 And 2013

### 1. Summary Of Significant Accounting Policies

#### **Basis Of Accounting**

The accompanying financial statements of Mathews-Dickey Boys' & Girls' Club (the Club) have been prepared on the accrual basis of accounting.

#### **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 Club 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.

## **MATHEWS-DICKEY BOYS' & GIRLS' CLUB**

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### Notes To Financial Statements *(Continued)*

#### **Cash And Cash Equivalents**

All highly liquid investments with maturity of three months or less when purchased are considered to be cash equivalents. Cash received by the Club that is restricted in use by the donor is accounted for separately by the Club and is reflected as restricted cash in the statement of financial position. Restricted cash held at December 31, 2014 and 2013 is restricted by the donors to be used for the Club's building improvement campaign and a specific scholarship program. As of December 31, 2014 and 2013, the restricted cash account is owed approximately \$273,000 and \$300,000, respectively, from operations to be used for future building improvements and scholarship awards.

The Club maintains cash and cash equivalents with major banks and financial institutions. Accounts at banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution.

#### **Investments**

Investments are reported at fair value based on quoted market prices. Gains and losses on sales of investments are generally determined on a specific cost identification basis. Unrealized gains and losses are determined based on year-end market and fair value fluctuations.

The Club had been invested in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with investment securities, it was at least reasonably possible that changes in the values of investment securities would occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position. During 2014, all invested funds were transferred to cash and cash equivalents.

#### **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.

## **MATHEWS-DICKEY BOYS' & GIRLS' CLUB**

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### Notes To Financial Statements *(Continued)*

#### **Promises To Give**

Unconditional promises to give are recognized as support in the period in which the promises are received. Conditional promises to give, which depend upon specified future and uncertain events, are recognized as support when the conditions upon which they depend are substantially met.

The Club provides an allowance for uncollectible promises equal to the estimated collection losses that will be incurred in the collection of all promises to give. The estimated losses are based on historical collection experience coupled with a review of the current status of the existing promises to give. Management provides for probable uncollected amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual balances. The 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 the receivable.

Promises to give with a term greater than one year are discounted at 5%.

#### **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. The assets are depreciated over the following periods:

Building	27.5 years
Leasehold improvements	19 years
Furniture and equipment	3 - 8 years
Athletic equipment	4 years

Repairs and maintenance are charged to expense when incurred. Expenditures in excess of \$1,000 for major renewals and betterments that extend the useful life of an asset are capitalized. Routine repairs and maintenance are expensed as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and the gain or loss, if any, is included in the statement of activities.

## **MATHEWS-DICKEY BOYS' & GIRLS' CLUB**

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### Notes To Financial Statements (*Continued*)

#### **Restricted And Unrestricted Public Support**

The Club 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. In situations where the restriction is met in the same period the contribution is made, the income is recorded in unrestricted net assets.

#### **Donated Property, Services And Materials**

Various equipment, services and materials are donated to the Club. 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 2014 and 2013, the Club received \$119,841 and \$121,990, respectively, in donated services.

From time to time, the Club receives donated goods that it passes along to its members, but would not otherwise purchase. The Club is not the ultimate beneficiary of these donated goods, and therefore, revenue is not recorded. In addition, a substantial number of other volunteers have donated their time to the Club'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:

##### **Program Services:**

The Club's goals are aimed at:

##### Athletics

Emphasizing the three Rs - Respect, Restraint, Responsibility - through athletic competition and team-building in football, baseball, basketball, swimming, softball, cheerleading and other recreational activities.

##### Education

Building self-esteem, while allowing for personal growth, emphasizing the importance of becoming literate and educated citizens.

##### Cultural Arts

Teaching moral, personal, social and cultural development and practices.

## **MATHEWS-DICKEY BOYS' & GIRLS' CLUB**

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### Notes To Financial Statements (*Continued*)

#### Summer Camp

Providing opportunities for recreation, education, cultural-awareness, entertainment and job skills for youth.

#### **Supporting Activities:**

##### Management and General

Includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the Club's program strategy, secure proper administrative functioning of the Board of Directors, and manage the financial and budgetary responsibilities of the Club.

##### Fundraising

Provides the structure necessary to encourage and secure financial support for operations and capital from individuals, organizations, corporations, foundations and public agencies.

#### **Expense Allocation**

The Club allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service activity are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management's estimate of resources devoted to the program or support service activity.

#### **Income Tax Status**

The Club operates as a tax exempt corporation under Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxes on related, exempt income. The Club's tax returns for tax years 2011 and later remain subject to examination by taxing authorities.

#### **Subsequent Events**

Management has evaluated subsequent events through June 30, 2015, the date, which the financial statements were available for issue.

## **2. Operations**

The Club is a Missouri not-for-profit corporation established in 1960 for the purpose of providing recreational, athletic, and educational facilities and programs for youth in the metropolitan St. Louis, Missouri community. The St. Louis, Missouri community and the United Way are the primary sources of revenue for the Club.

## MATHEWS-DICKEY BOYS' & GIRLS' CLUB

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### Notes To Financial Statements (Continued)

The Club serves more than 40,000 young men and women, ages 5-18, throughout the St. Louis-metropolitan area. The Club also serves as a meeting center for various community, social and business organizations and as an outreach resource center for troubled youth.

### 3. Pledges Receivable

Pledges receivable consist of the following:

	<u>2014</u>	<u>2013</u>
Pledges Receivable		
Pledges due in less than one year	\$ 141,618	\$ 136,150
Pledges due in 1 to 5 years	—	100,000
Total Pledges Receivable	<u>141,618</u>	<u>236,150</u>
Less: Allowance for uncollectible pledges	4,250	4,250
Less: Present value discount	—	4,762
Net Pledges Receivable	<u>137,368</u>	<u>227,138</u>
Less: Current portion	<u>137,368</u>	<u>135,725</u>
Noncurrent Portion	<u>\$ —</u>	<u>\$ 91,413</u>

### 4. Fair Value Measurements

The Club 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.

## MATHEWS-DICKEY BOYS' & GIRLS' CLUB

### Notes To Financial Statements (Continued)

- 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, 2013:

	December 31, 2013			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ 9,131	\$ —	\$ —	\$ 9,131
Equities				
Common stock				
Domestic	19,216	—	—	19,216
Foreign	1,809	—	—	1,809
Equity mutual funds				
Mid cap	21,454	—	—	21,454
Large cap	2,729	—	—	2,729
Diversified emerging markets	12,243	—	—	12,243
Foreign large cap	33,135	—	—	33,135
Total Equities	90,586	—	—	90,586
Bonds				
AAA	—	27,022	—	27,022
AA3	—	26,004	—	26,004
A3	—	17,111	—	17,111
Total Bonds	—	70,137	—	70,137
	\$ 99,717	\$ 70,137	\$ —	\$ 169,854

At December 31, 2014, there were no assets measured at fair value.



## MATHEWS-DICKEY BOYS' & GIRLS' CLUB

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### Notes To Financial Statements (Continued)

At December 31, 2013, the Level 2 assets utilize the following valuation techniques and inputs:

*Bonds:* The fair value of investments in U.S. 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 2014 and 2013, there were no changes in the methods or assumptions utilized to derive the fair value of the Club's assets.

## 5. Property And Equipment

Property and equipment consists of the following:

	<u>2014</u>	<u>2013</u>
Leasehold improvements	\$ 2,998,356	\$ 2,950,390
Furniture and equipment	716,569	716,569
Athletic equipment	397,535	397,535
Athletic fields	250,000	250,000
Building	346,168	303,275
Construction in progress	—	42,893
	<u>4,708,628</u>	<u>4,660,662</u>
Less: Accumulated depreciation	<u>2,763,921</u>	<u>2,565,662</u>
	<u>\$ 1,944,707</u>	<u>\$ 2,095,000</u>

Depreciation expense for the years ended December 31, 2014 and 2013 was \$198,259 and \$214,552, respectively.

The Club's building and sports facility, built with contributions and subsequently deeded to the City of St. Louis, Missouri (the City), is leased for a nominal annual fee from the City pursuant to a 50-year lease agreement. The Club is obligated to provide for the maintenance of the leased property for the term of the lease. The value of such property is not capitalized in the financial statements of the Club. Improvements to such facilities are capitalized as leasehold improvements.

## MATHEWS-DICKEY BOYS' & GIRLS' CLUB

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### Notes To Financial Statements (Continued)

#### 6. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
Building improvement campaign	\$ 272,555	\$ 296,477
Healthy babies program	49,367	—
Scholarships	16,340	7,340
Bob Russel Park	22,602	46,983
RBI program	24,098	11,438
Legacy concert	120,000	—
United Way allocation	402,520	444,729
	<u>\$ 907,482</u>	<u>\$ 806,967</u>

Temporarily restricted net assets released from restrictions consist of the following:

	<u>2014</u>	<u>2013</u>
Building improvement campaign	\$ 23,922	\$ 16,334
Scholarships	1,000	31,000
United Way allocation	444,729	439,729
Preschool program	—	2,000
Bob Russel Park	24,381	6,177
RBI program	11,438	—
Other purposes	—	45,445
	<u>\$ 505,470</u>	<u>\$ 540,685</u>

#### 7. Endowments

The Club's endowment funds include both donor-restricted endowment funds, as well as funds designated by the Board of Directors. As required by accounting standards, assets associated with endowment funds, including funds designated by the Board of Directors to function as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

## MATHEWS-DICKEY BOYS' & GIRLS' CLUB

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### Notes To Financial Statements (Continued)

#### Interpretation Of Relevant Law

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Club classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Club in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Club considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the funds;
- (2) The purposes of the Club and the donor-restricted endowment funds;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and appreciation of investments;
- (6) Other resources of the Club; and
- (7) The investment policies of the Club.

At December 31, 2014 and 2013, the Club had the following endowment funds:

	December 31, 2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment fund	\$ —	\$ —	\$ 128,000	\$ 128,000
Board-designated quasi-endowment fund	21,339	—	—	21,339
	\$ 21,339	\$ —	\$ 128,000	\$ 149,339

# MATHEWS-DICKEY BOYS' & GIRLS' CLUB

## Notes To Financial Statements (Continued)

	December 31, 2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment fund	\$ —	\$ —	\$ 128,000	\$ 128,000
Board-designated quasi-endowment fund	41,854	—	—	41,854
	\$ 41,854	\$ —	\$ 128,000	\$ 169,854

Changes in these endowment fund cash and investments for the years ended December 31, 2014 and 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Balance - January 1, 2013</b>	\$ 435,874	\$ —	\$ 128,000	\$ 563,874
<b>Investment Income (Loss)</b>				
Investment income and realized gains, net	22,795	68,384	—	91,179
Net unrealized losses	(15,052)	(45,156)	—	(60,208)
<b>Total Investment Income</b>	7,743	23,228	—	30,971
<b>Change In Endowment Funds</b>				
Contributions to endowment	9	—	—	9
Amounts appropriated for expenditure	(401,772)	(23,228)	—	(425,000)
<b>Total Change In Endowment Funds</b>	(401,763)	(23,228)	—	(424,991)
<b>Balance - December 31, 2013</b>	41,854	—	128,000	169,854
<b>Investment Income (Loss)</b>				
Investment income and realized gains, net	2,776	15,730	—	18,506
Net unrealized losses	(2,879)	(16,317)	—	(19,196)
<b>Total Investment Loss</b>	(103)	(587)	—	(690)
<b>Change In Endowment Funds</b>				
Contributions to endowment	175	—	—	175
Amounts appropriated for expenditure	(20,587)	587	—	(20,000)
<b>Total Change In Endowment Funds</b>	(20,412)	587	—	(19,825)
<b>Balance - December 31, 2014</b>	\$ 21,339	\$ —	\$ 128,000	\$ 149,339

## **MATHEWS-DICKEY BOYS' & GIRLS' CLUB**

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### Notes To Financial Statements (*Continued*)

#### **Return Objectives And Risk Parameters**

The Club has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Club must hold in perpetuity, as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that produce maximum long-term returns consistent with the account's allowed risk level. The Club expects its endowment funds, over time, to provide an average rate of return to exceed the sum of the endowment's spending rate, anticipated inflation, investment management consulting fees, and administrative costs. To achieve the endowment objective, the endowment's assets are invested to generate appreciation and/or dividend and interest income and are diversified among several asset classes. Actual returns in any given year may vary from this amount.

#### **Strategies Employed For Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Club relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Club targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

#### **Spending Policy And How The Investment Objectives Relate To Spending Policy**

The Club has a policy of appropriating for distribution each year up to the total return from permanently restricted funds. The amount of the appropriation is at the discretion of the Board of Directors. Total return is defined as interest, dividends, and realized and unrealized gains and losses, net of fees. In establishing this policy, the Club considered the long-term expected return on its endowment. Accordingly, over the long term, the Club expects the current spending policy to allow its endowment to grow on an annual basis. This is consistent with the Club's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

#### **Funds With Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or that the UPMIFA requires the Club to retain as a fund of perpetual duration. There were no funds with deficiencies at December 31, 2014 or 2013.

## MATHEWS-DICKEY BOYS' & GIRLS' CLUB

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### Notes To Financial Statements (Continued)

#### 8. Line Of Credit

In April 2012, the Club entered into a \$100,000 line-of-credit agreement. The line of credit, which was to expire on April 21, 2017, was secured by the Club's investment accounts at the same financial institution and bears interest at the prime rate plus 0.75%, which was 4% at December 31, 2014. The Club must maintain a minimum balance of \$200,000 in its Board designated investment account in order to draw on the line of credit. In September 2013, this investment account balance decreased below \$200,000, so the line of credit was closed.

#### 9. Commitments

The Club leases office equipment and an employee automobile under noncancellable operating lease agreements having an initial term of greater than one year. The expected future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 40,230
2016	26,664
2017	9,516
	<u>\$ 76,410</u>

Rental expense was \$43,795 and \$45,470 for the years ended December 31, 2014 and 2013, respectively.

#### 10. Benefit Plan

The Club has a defined contribution 401(k) retirement plan, which is offered to all full-time employees age 21 and over who have completed at least one year of service. Employees can contribute up to 15% of their annual salary to the plan. The Club may elect to make a matching contribution to the Plan. The expense for the employer match was \$21,942 and \$44,790 for the years ended December 31, 2014 and 2013, respectively.

## **MATHEWS-DICKEY BOYS' & GIRLS' CLUB**

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### Notes To Financial Statements *(Continued)*

#### **11. Related Party Transactions**

During the years ended December 31, 2014 and 2013, the Club received \$367,602 and \$211,399, respectively, in contributions from various board members and companies at which board members are executives or owners.

In addition, during the years ended December 31, 2014 and 2013, the Club paid \$750 and \$24,337, respectively, to family members of senior management of the Club for various services.

#### **12. Concentration**

The Club derived approximately 21% and 22% of its total support and revenue from United Way funding during the years ended December 31, 2014 and 2013, respectively.

#### **13. Involuntary Conversion**

During 2013, the Club sustained significant storm damage to the roof and skylights of its building. The net book value of the damaged property was approximately \$10,000. Total insurance proceeds for this claim amounted to approximately \$43,000, resulting in a gain approximating \$33,000. Total capital expenditures related to the replacement of the roof and skylights included in construction in progress amounted to approximately \$43,000. Construction was completed and all costs related to the roof and skylights were paid in full in January 2014.