
MATHEWS-DICKEY
BOYS' & GIRLS' CLUB
FINANCIAL STATEMENTS
DECEMBER 31, 2015



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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, 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 Mathews-Dickey Boys' & Girls' Club 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

MATHEWS-DICKEY BOYS' & GIRLS' CLUB

STATEMENT OF FINANCIAL POSITION**Assets**

	December 31,	
	2015	2014
Current Assets		
Cash and cash equivalents	\$ 587,233	\$ 254,477
Accounts receivable	2,925	—
Pledges receivable, net (Note 3)	153,236	137,368
Pledge receivable - United Way	367,142	402,520
Prepaid expenses and other assets	29,640	42,530
Total Current Assets	1,140,176	836,895
Pledges Receivable - Long-Term, Net (Note 3)	119,696	—
Restricted Cash	4,310	4,309
Property And Equipment (Note 4)	1,832,091	1,944,707
Restricted Cash - Endowment (Note 6)	128,000	128,000
Total Assets	\$ 3,224,273	\$ 2,913,911

Liabilities And Net Assets

Current Liabilities		
Accounts payable	\$ 103,949	\$ 137,393
Accrued expenses and other liabilities	64,048	59,604
Total Current Liabilities	167,997	196,997
Net Assets		
Unrestricted	1,729,849	1,681,432
Temporarily restricted (Note 5)	1,198,427	907,482
Permanently restricted (Note 6)	128,000	128,000
Total Net Assets	3,056,276	2,716,914
Total Liabilities And Net Assets	\$ 3,224,273	\$ 2,913,911

MATHEWS-DICKEY BOYS' & GIRLS' CLUB

STATEMENT OF ACTIVITIES

	For The Years Ended December 31,							
	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support And Revenue								
Public Support								
United Way	\$ 17,431	\$ 367,142	\$ —	\$ 384,573	\$ 5,189	\$ 402,520	\$ —	\$ 407,709
Contributions	589,217	567,228	—	1,156,445	588,055	83,465	—	671,520
In-kind donations	263,731	—	—	263,731	257,510	—	—	257,510
Banquets and special events (net of direct donor benefits of \$227,387 in 2015 and \$78,765 in 2014)	578,963	—	—	578,963	402,951	120,000	—	522,951
Memberships	61,890	—	—	61,890	31,643	—	—	31,643
Net assets released from restrictions (Note 5)	643,425	(643,425)	—	—	505,470	(505,470)	—	—
Total Public Support	2,154,657	290,945	—	2,445,602	1,790,818	100,515	—	1,891,333
Revenue								
Registration fees	75,155	—	—	75,155	79,426	—	—	79,426
Net realized and unrealized gains on investments	—	—	—	—	1,380	—	—	1,380
Interest and dividends	753	—	—	753	1,983	—	—	1,983
Room rental	27,706	—	—	27,706	21,180	—	—	21,180
Miscellaneous revenue	26,448	—	—	26,448	55,432	—	—	55,432
Total Revenue	130,062	—	—	130,062	159,401	—	—	159,401
Total Public Support And Revenue	2,284,719	290,945	—	2,575,664	1,950,219	100,515	—	2,050,734
Expenses								
Program services	1,605,740	—	—	1,605,740	1,434,008	—	—	1,434,008
General and administrative	301,166	—	—	301,166	332,775	—	—	332,775
Fundraising	329,396	—	—	329,396	320,543	—	—	320,543
Total Expenses	2,236,302	—	—	2,236,302	2,087,326	—	—	2,087,326
Increase (Decrease) In Net Assets	48,417	290,945	—	339,362	(137,107)	100,515	—	(36,592)
Net Assets - Beginning Of Year	1,681,432	907,482	128,000	2,716,914	1,818,539	806,967	128,000	2,753,506
Net Assets - End Of Year	\$ 1,729,849	\$ 1,198,427	\$ 128,000	\$ 3,056,276	\$ 1,681,432	\$ 907,482	\$ 128,000	\$ 2,716,914

MATHEWS-DICKEY BOYS' & GIRLS' CLUB

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

	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	\$ 296,520	\$ 49,654	\$ 31,552	\$ 57,111	\$ 434,837	\$ 192,790	\$ 127,941	\$ 320,731	\$ 755,568	
Payroll taxes and fringe benefits	61,055	10,192	6,476	11,722	89,445	41,688	32,203	73,891	163,336	
Total Salaries And Related Expenses	357,575	59,846	38,028	68,833	524,282	234,478	160,144	394,622	918,904	
Other Expenses:										
Contract labor	51,253	4,490	4,557	4,430	64,730	3,536	45,008	48,544	113,274	
Volunteer hours	9,725	68,400	24,493	—	102,618	750	375	1,125	103,743	
Transportation	39,675	1,506	—	6,697	47,878	893	5,171	6,064	53,942	
Postage and shipping	2,823	—	—	—	2,823	332	1,381	1,713	4,536	
Scholarships and awards	—	30,000	—	—	30,000	—	—	—	30,000	
Occupancy	47,157	21,854	8,139	9,893	87,043	9,519	4,759	14,278	101,321	
Telephone	20,389	9,450	3,519	4,278	37,636	4,371	3,179	7,550	45,186	
Insurance	41,879	19,410	7,228	8,787	77,304	7,818	7,534	15,352	92,656	
Equipment and supplies	190,484	18,412	13,290	22,384	244,570	4,867	15,337	20,204	264,774	
Repairs and maintenance	65,926	205	—	—	66,131	2,854	1,576	4,430	70,561	
Professional services	102,367	16,606	—	250	119,223	11,780	51,399	63,179	182,402	
Fundraising and special events	5,417	29,822	5,020	1,201	41,460	—	22,533	22,533	63,993	
Miscellaneous	1,344	—	—	—	1,344	666	1,665	2,331	3,675	
Total Other Expenses	578,439	220,155	66,246	57,920	922,760	47,386	159,917	207,303	1,130,063	
Depreciation	96,806	20,631	25,392	15,869	158,698	19,302	9,335	28,637	187,335	
	\$ 1,032,820	\$ 300,632	\$ 129,666	\$ 142,622	\$ 1,605,740	\$ 301,166	\$ 329,396	\$ 630,562	\$ 2,236,302	

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	13,969	14,456	56,448	
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	119,719	173,254	1,016,314	
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	\$ 320,543	\$ 653,318	\$ 2,087,326	

MATHEWS-DICKEY BOYS' & GIRLS' CLUB

STATEMENT OF CASH FLOWS

	For The Years	
	Ended December 31,	
	2015	2014
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 339,362	\$ (36,592)
Adjustments to reconcile (increase) decrease in net assets to net cash provided by operating activities:		
Depreciation	187,335	198,259
Net unrealized losses on investments	—	19,196
Net realized gains on investments	—	(20,576)
Donated property	—	(35,000)
Changes in assets and liabilities:		
Increase in accounts receivable	(2,925)	—
Increase in pledges receivable - current	(15,868)	(1,643)
Decrease in pledge receivable - United Way	35,378	42,209
(Increase) decrease in prepaid expenses and other assets	12,890	(40,153)
(Increase) decrease in pledges receivable - long-term	(119,696)	91,413
Decrease in accounts payable	(33,444)	(34,819)
Increase (decrease) in accrued expenses and other liabilities	4,444	(791)
Net Cash Provided By Operating Activities	407,476	181,503
Cash Flows From Investing Activities		
Purchases of property and equipment	(74,719)	(55,859)
Purchases of investments	—	(151,411)
Sales of investments	—	313,514
Net Cash Provided By (Used In) Investing Activities	(74,719)	106,244
Cash Flows Used In Financing Activities		
Decrease in bank overdraft	—	(32,495)
Net Increase In Cash, Cash Equivalents And Restricted Cash	332,757	255,252
Cash, Cash Equivalents And Restricted Cash	386,786	131,534
Cash, Cash Equivalents And Restricted Cash - End Of Year	\$ 719,543	\$ 386,786

MATHEWS-DICKEY BOYS' & GIRLS' CLUB

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 And 2014

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

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, 2015 and 2014 is restricted by the donors to be used for the Club's building improvement campaign and a specific scholarship program. As of both December 31, 2015 and 2014, the restricted cash account is owed approximately \$273,000 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 and financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. At December 31, 2015, approximately \$278,000 in bank deposits exceeded amounts insured by the FDIC.

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 4.5%.

MATHEWS-DICKEY BOYS' & GIRLS' CLUB

Notes To Financial Statements *(Continued)*

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	9.5 - 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.

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 2015 and 2014, the Club received \$95,043 and \$119,841, 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.

MATHEWS-DICKEY BOYS' & GIRLS' CLUB

Notes To Financial Statements (*Continued*)

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.

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.

MATHEWS-DICKEY BOYS' & GIRLS' CLUB

Notes To Financial Statements *(Continued)*

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 2012 and later remain subject to examination by taxing authorities.

Reclassifications

Certain items in the 2014 financial statements have been reclassified, where appropriate, to conform 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 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.

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.

MATHEWS-DICKEY BOYS' & GIRLS' CLUB

Notes To Financial Statements (Continued)

3. Pledges Receivable

Pledges receivable consist of the following:

	<u>2015</u>	<u>2014</u>
Pledges Receivable		
Pledges due in less than one year	\$ 155,574	\$ 141,618
Pledges due in 1 to 5 years	128,088	—
Total Pledges Receivable	<u>283,662</u>	141,618
Less: Allowance for uncollectible pledges	4,250	4,250
Less: Present value discount	6,480	—
Net Pledges Receivable	<u>272,932</u>	137,368
Less: Current portion	<u>153,236</u>	137,368
Noncurrent Portion	<u>\$ 119,696</u>	\$ —

4. Property And Equipment

Property and equipment consists of the following:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 3,035,505	\$ 2,998,356
Furniture and equipment	753,140	716,569
Athletic equipment	398,535	397,535
Athletic fields	250,000	250,000
Building	346,168	346,168
	<u>4,783,348</u>	4,708,628
Less: Accumulated depreciation	<u>2,951,257</u>	2,763,921
	<u>\$ 1,832,091</u>	\$ 1,944,707

Depreciation expense for the years ended December 31, 2015 and 2014 was \$187,335 and \$198,259, 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

Notes To Financial Statements (Continued)

5. Temporarily Restricted Net Assets

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

	<u>2015</u>	<u>2014</u>
Building improvement campaign	\$ 210,715	\$ 272,555
Healthy babies program	252,627	49,367
Scholarships	24,340	16,340
Bob Russel Park	267,868	22,602
RBI program	17,735	24,098
Legacy concert	—	120,000
Football stadium	58,000	—
United Way allocation	367,142	402,520
	<u>\$ 1,198,427</u>	<u>\$ 907,482</u>

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

	<u>2015</u>	<u>2014</u>
Building improvement campaign	\$ 61,840	\$ 23,922
Scholarships	5,340	1,000
United Way allocation	402,520	444,729
Bob Russel Park	—	24,381
RBI program	24,098	11,438
Legacy concert	120,000	—
Healthy babies program	29,627	—
	<u>\$ 643,425</u>	<u>\$ 505,470</u>

6. 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

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, 2015 and 2014, the Club had the following endowment funds:

	December 31, 2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment fund	\$ —	\$ —	\$ 128,000	\$ 128,000
Board-designated quasi-endowment fund	21,495	—	—	21,495
	<u>\$ 21,495</u>	<u>\$ —</u>	<u>\$ 128,000</u>	<u>\$ 149,495</u>

MATHEWS-DICKEY BOYS' & GIRLS' CLUB

Notes To Financial Statements (Continued)

	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

Changes in these endowment fund cash and investments for the years ended December 31, 2015 and 2014 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance - January 1, 2014	\$ 41,854	\$ —	\$ 128,000	\$ 169,854
Investment Income (Loss)				
Investment income and realized gains, net	2,776	15,730	—	18,506
Net unrealized losses	(2,879)	(16,317)	—	(19,196)
Total Investment Loss	(103)	(587)	—	(690)
Change In Endowment Funds				
Contributions to endowment	175	—	—	175
Amounts appropriated for expenditure	(20,587)	587	—	(20,000)
Total Change In Endowment Funds	(20,412)	587	—	(19,825)
Balance - December 31, 2014	21,339	—	128,000	149,339
Investment Income				
Investment income and realized gains, net	22	134	—	156
Net unrealized losses	—	—	—	—
Total Investment Income	22	134	—	156
Change In Endowment Funds				
Contributions to endowment	134	—	—	134
Amounts appropriated for expenditure	—	(134)	—	(134)
Total Change In Endowment Funds	134	(134)	—	—
Balance - December 31, 2015	\$ 21,495	\$ —	\$ 128,000	\$ 149,495

MATHEWS-DICKEY BOYS' & GIRLS' CLUB

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, 2015 or 2014.

MATHEWS-DICKEY BOYS' & GIRLS' CLUB

Notes To Financial Statements (Continued)

7. 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>
2016	\$ 42,586
2017	37,258
2018	28,349
2019	17,698
2020	3,918
	<u>\$ 129,809</u>

Rental expense was \$42,855 and \$43,795 for the years ended December 31, 2015 and 2014, respectively.

8. 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 \$54,643 and \$21,942 for the years ended December 31, 2015 and 2014, respectively.

9. Related Party Transactions

During the years ended December 31, 2015 and 2014, the Club received \$336,314 and \$367,602, respectively, in contributions from various board members and companies at which board members are executives or owners.

10. Concentration

The Club derived approximately 14% and 19% of its total support and revenue from United Way funding during the years ended December 31, 2015 and 2014, respectively.