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**MATHEWS-DICKEY**  
**BOYS' & GIRLS' CLUB**  
FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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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, 2018 and 2017, 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, 2018 and 2017, 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 27, 2019

# MATHEWS-DICKEY BOYS' & GIRLS' CLUB

## STATEMENT OF FINANCIAL POSITION

### Assets

	<b>December 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 79,524	\$ 81,767
Investments (Notes 3 and 4)	453,493	492,347
Accounts receivable	1,575	2,300
Pledges receivable, net (Note 5)	170,396	189,390
Pledge receivable - United Way	329,708	337,685
Prepaid expenses and other assets	1,369	3,274
<b>Total Current Assets</b>	<b>1,036,065</b>	<b>1,106,763</b>
<b>Pledges Receivable - Long-Term, Net (Note 5)</b>	<b>143,535</b>	<b>—</b>
<b>Property And Equipment (Note 6)</b>	<b>2,231,415</b>	<b>2,251,908</b>
<b>Total Assets</b>	<b>\$ 3,411,015</b>	<b>\$ 3,358,671</b>

### Liabilities And Net Assets

<b>Current Liabilities</b>		
Accounts payable	\$ 124,428	\$ 46,518
Accrued expenses and other liabilities	73,169	54,167
Line of credit (Note 9)	320,000	100,000
<b>Total Current Liabilities</b>	<b>517,597</b>	<b>200,685</b>
<b>Net Assets</b>		
Without donor restrictions	1,989,311	2,477,131
With donor restrictions (Note 7)	904,107	680,855
<b>Total Net Assets</b>	<b>2,893,418</b>	<b>3,157,986</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 3,411,015</b>	<b>\$ 3,358,671</b>

# MATHEWS-DICKEY BOYS' & GIRLS' CLUB

## STATEMENT OF ACTIVITIES

	For The Years Ended December 31,					
	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public Support And Revenue</b>						
<b>Public Support</b>						
United Way (Note 14)	\$ 281	\$ 329,206	\$ 329,487	\$ —	\$ 337,685	\$ 337,685
Contributions (Note 13)	585,806	477,910	1,063,716	897,503	263,502	1,161,005
In-kind donations	104,896	—	104,896	187,303	—	187,303
Banquets and special events (net of direct donor benefits of \$239,103 in 2018 and \$290,945 in 2017)	330,438	—	330,438	375,451	38,000	413,451
Memberships	40,211	—	40,211	37,900	—	37,900
Net assets released from restrictions (Note 7)	583,864	(583,864)	—	646,643	(646,643)	—
<b>Total Public Support</b>	1,645,496	223,252	1,868,748	2,144,800	(7,456)	2,137,344
<b>Revenue And Gains (Losses)</b>						
Registration fees, net of scholarship discounts of \$13,369 in 2018 and \$43,500 in 2017	56,900	—	56,900	36,311	—	36,311
Net realized and unrealized gains (losses) on investments (Note 3)	(52,847)	—	(52,847)	45,959	—	45,959
Interest and dividends, net	13,999	—	13,999	16,688	—	16,688
Room rental	19,387	—	19,387	21,758	—	21,758
Gain on sale of property (Note 6)	—	—	—	193,652	—	193,652
Miscellaneous revenue	33,522	—	33,522	45,445	—	45,445
<b>Total Revenue And Gains (Losses)</b>	70,961	—	70,961	359,813	—	359,813
<b>Total Public Support, Revenue, And Gains (Losses)</b>	1,716,457	223,252	1,939,709	2,504,613	(7,456)	2,497,157
<b>Expenses</b>						
Program services	1,443,166	—	1,443,166	1,558,967	—	1,558,967
General and administrative	493,072	—	493,072	445,841	—	445,841
Fundraising	268,039	—	268,039	346,114	—	346,114
<b>Total Expenses</b>	2,204,277	—	2,204,277	2,350,922	—	2,350,922
<b>Increase (Decrease) In Net Assets</b>	(487,820)	223,252	(264,568)	153,691	(7,456)	146,235
<b>Net Assets - Beginning Of Year</b>	2,477,131	680,855	3,157,986	2,323,440	688,311	3,011,751
<b>Net Assets - End Of Year</b>	\$ 1,989,311	\$ 904,107	\$ 2,893,418	\$ 2,477,131	\$ 680,855	\$ 3,157,986

# MATHEWS-DICKEY BOYS' & GIRLS' CLUB

## STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended December 31, 2018

	Program Services					Supporting Services				Total
	Athletics	Education	Cultural Arts	Summer Camp	Total Program	Management And General	Fundraising	Total Supporting Services		
Salaries And Related Expenses:										
Salaries	\$ 302,867	\$ 33,392	\$ 39,301	\$ 76,848	\$ 452,408	\$ 162,514	\$ 153,190	\$ 315,704	\$ 768,112	
Payroll taxes and fringe benefits	64,974	14,056	7,153	17,022	103,205	37,097	29,867	66,964	170,169	
Total Salaries And Related Expenses	367,841	47,448	46,454	93,870	555,613	199,611	183,057	382,668	938,281	
Other Expenses:										
Contract labor	27,269	40,637	4,525	12,499	84,930	48,536	305	48,841	133,771	
Volunteer hours	2,124	3,641	708	1,113	7,586	1,618	910	2,528	10,114	
Transportation	30,963	375	68	2,901	34,307	435	444	879	35,186	
Postage and shipping	3,070	—	—	—	3,070	65	827	892	3,962	
Occupancy	89,718	16,238	4,539	14,824	125,319	2,030	3,137	5,167	130,486	
Telephone	33,070	188	188	188	33,634	1,898	2,094	3,992	37,626	
Insurance	62,813	—	—	—	62,813	6,148	1,815	7,963	70,776	
Equipment and supplies	148,239	41,540	1,072	9,462	200,313	9,655	8,741	18,396	218,709	
Repairs and maintenance	72,766	—	—	—	72,766	646	970	1,616	74,382	
Professional services	—	—	—	—	—	159,256	—	159,256	159,256	
Fundraising and other events	5,878	1,737	—	4,716	12,331	28,009	60,038	88,047	100,378	
Miscellaneous	31,474	32	665	67	32,238	28,273	1,106	29,379	61,617	
Total Other Expenses	507,384	104,388	11,765	45,770	669,307	286,569	80,387	366,956	1,036,263	
Depreciation	126,353	29,865	39,055	22,973	218,246	6,892	4,595	11,487	229,733	
	\$ 1,001,578	\$ 181,701	\$ 97,274	\$ 162,613	\$ 1,443,166	\$ 493,072	\$ 268,039	\$ 761,111	\$ 2,204,277	

# MATHEWS-DICKEY BOYS' & GIRLS' CLUB

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

	Program Services					Supporting Services			Total
	Athletics	Education	Cultural Arts	Summer Camp	Total Program	Management And General	Fundraising	Total Supporting Services	
Salaries And Related Expenses:									
Salaries	\$ 282,667	\$ 83,580	\$ 35,206	\$ 69,155	\$ 470,608	\$ 157,096	\$ 156,399	\$ 313,495	\$ 784,103
Payroll taxes and fringe benefits	69,639	9,638	8,339	10,681	98,297	36,137	32,836	68,973	167,270
Total Salaries And Related Expenses	352,306	93,218	43,545	79,836	568,905	193,233	189,235	382,468	951,373
Other Expenses:									
Contract labor	13,992	69,159	2,350	16,595	102,096	57,525	—	57,525	159,621
Volunteer hours	14,236	24,852	4,562	7,312	50,962	10,821	6,170	16,991	67,953
Transportation	36,057	10,085	—	8,382	54,524	865	6,800	7,665	62,189
Postage and shipping	3,978	55	—	—	4,033	84	809	893	4,926
Scholarships and awards	—	25,500	—	—	25,500	—	—	—	25,500
Occupancy	67,860	29,254	4,451	12,831	114,396	1,966	2,949	4,915	119,311
Telephone	34,491	117	117	117	34,842	3,761	1,084	4,845	39,687
Insurance	66,394	—	—	—	66,394	1,398	2,097	3,495	69,889
Equipment and supplies	177,605	35,930	510	7,486	221,531	14,947	21,274	36,221	257,752
Repairs and maintenance	85,308	—	—	—	85,308	766	1,149	1,915	87,223
Professional services	—	4,750	—	—	4,750	126,250	5,950	132,200	136,950
Fundraising and other events	3,836	12,279	45	3,479	19,639	3,571	103,440	107,011	126,650
Miscellaneous	25,700	1,770	5	443	27,918	25,028	1,406	26,434	54,352
Total Other Expenses	529,457	213,751	12,040	56,645	811,893	246,982	153,128	400,110	1,212,003
Depreciation	103,150	24,381	31,883	18,755	178,169	5,626	3,751	9,377	187,546
	\$ 984,913	\$ 331,350	\$ 87,468	\$ 155,236	\$ 1,558,967	\$ 445,841	\$ 346,114	\$ 791,955	\$ 2,350,922



# MATHEWS-DICKEY BOYS' & GIRLS' CLUB

## STATEMENT OF CASH FLOWS

	For The Years	
	Ended December 31,	
	2018	2017
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ (264,568)	\$ 146,235
Adjustments to reconcile (increase) decrease in net assets to net cash from operating activities:		
Depreciation	229,733	187,546
Donated property and equipment	—	(21,391)
Net unrealized (gains) losses on investments	52,871	(45,959)
Net realized gains on investments	(24)	—
Gain on sale of property	—	(193,652)
Changes in assets and liabilities:		
Accounts receivable	725	(475)
Pledges receivable - current	18,994	(3,399)
Pledge receivable - United Way	7,977	—
Prepaid expenses and other assets	1,905	3,034
Pledges receivable - long-term	(143,535)	21,818
Accounts payable	71,540	(69,266)
Accrued expenses and other liabilities	19,002	(14,430)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>(5,380)</b>	<b>10,061</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	(202,870)	(181,740)
Purchases of investments	(13,993)	(16,638)
Proceeds from sale of property	—	260,000
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>(216,863)</b>	<b>61,622</b>
<b>Net Cash From Financing Activities</b>		
Withdrawals from line of credit	320,000	125,000
Repayments on line of credit	(100,000)	(275,000)
<b>Net Cash Provided By (Used In) Financing Activities</b>	<b>220,000</b>	<b>(150,000)</b>
<b>Net Decrease In Cash And Cash Equivalents</b>	<b>(2,243)</b>	<b>(78,317)</b>
<b>Cash And Cash Equivalents - Beginning of Year</b>	<b>81,767</b>	<b>160,084</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 79,524</b>	<b>\$ 81,767</b>

# MATHEWS-DICKEY BOYS' & GIRLS' CLUB

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2018 And 2017

### 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.

#### **New Accounting Standard Implemented**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU appends the current reporting model for not-for-profit organizations and enhances their required disclosures. The primary changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed-in-service approach to recognize the expiration of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all not-for-profits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocations methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of not-for-profit financial statements.

#### **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 two classes of net assets:

*Net Assets Without Donor Restrictions* 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.

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

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

*Net Assets With Donor Restrictions* 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, as well as those net assets whose use has been limited by donor-imposed stipulations that will remain in effect in perpetuity. The Club had no perpetual in nature net assets at December 31, 2018 or 2017.

#### **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.

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

All highly liquid investments with maturity of three months or less when purchased are considered to be cash equivalents. On occasion, cash received by the Club that is purpose restricted by the donor is used for operations. At December 31, 2018 and 2017, the Club has approximately \$265,000 and \$273,000, respectively, in net assets with donor restrictions cash that was spent on operations.

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, 2018, all bank deposits are insured by the FDIC.

#### **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 and 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 net assets without donor restrictions unless a donor or law restricts the use of 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.

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

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

#### **Pledges Receivable**

Unconditional pledges receivable are recognized as support in the period in which the pledges are received. Conditional pledges receivable, 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 pledges equal to the estimated collection losses that will be incurred in the collection of all pledges receivable. The estimated losses are based on historical collection experience coupled with a review of the current status of the existing pledges receivable. Management provides for probable uncollectible 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%.

#### **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:

Leasehold improvements	10 - 27.5 years
Furniture and equipment	3 - 8 years
Athletic equipment	4 years
Athletic fields and improvements	27.5 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. 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*)

#### **Public Support**

The Club reports gifts of cash and other assets as donor 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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 support is recorded in net assets without donor restrictions. The Club has also adopted the policy of reporting net assets released from restrictions upon completion of the donor purpose restriction, regardless of whether the related cash has been received.

#### **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 2018 and 2017, the Club received \$104,896 and \$187,303, respectively, in donated equipment, services, and materials.

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.

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

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

#### Education

Character education through building self-esteem, leadership skills, entrepreneurial skills, and college and career preparations, while allowing for personal growth, emphasizing the importance of becoming literate and educated on the subjects of mathematics, reading, writing, and the sciences.

#### Cultural Arts

Teaching moral, personal, social and cultural development and practices through music, dancing, acting, and exercise.

#### Summer Camp

Providing opportunities for recreation, education, cultural-awareness, entertainment and job skills for youth, while giving the parents a little financial relief during the summer.

#### **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.

#### **Functional Expense Allocation**

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as specific to that functional area. Expenses that benefit multiple functional or program areas have been allocated across programs and other supporting services based on time studies, the salary ratio and square footage.

## MATHEWS-DICKEY BOYS' & GIRLS' CLUB

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

The expenses that are allocated include the following:

<u>Natural Category</u>	<u>Method</u>
Salaries	Time studies, direct charge, and square footage
Payroll taxes and fringe benefits	Salary ratio and square footage
Depreciation	Direct charge and square footage
Equipment and supplies	Direct charge and salary ratio
Occupancy	Direct charge and square footage
Telephone	Direct charge and salary ratio
Transportation	Direct charge and salary ratio

### **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.

### **Reclassifications**

Certain reclassifications have been made to amounts in the 2017 financial statements, where appropriate, to conform to the presentation of the 2018 financial statements.

### **Subsequent Events**

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

## **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 25,000 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

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### Notes To Financial Statements (Continued)

### 3. Investments

Investments consist of:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Preferred stock	\$ 45,613	\$ 42,477	\$ 13,736	\$ 13,282
Money market funds	296	296	92	92
Equity funds	293,768	294,084	309,224	361,013
Bond funds	123,935	116,636	119,964	117,960
	<u>\$ 463,612</u>	<u>\$ 453,493</u>	<u>\$ 443,016</u>	<u>\$ 492,347</u>

For the years ended December 31, 2018 and 2017, unrealized losses of \$52,871 and gains of \$45,959, respectively, were recorded to adjust investments to fair value. For the year ended December 31, 2018 there were \$24 of realized gains. For the year ended December 31, 2017, no realized gains or losses were recorded from the sale of investments.

### 4. Fair Value

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.
- Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts.



## MATHEWS-DICKEY BOYS' & GIRLS' CLUB

### Notes To Financial Statements (Continued)

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 investments measured at fair value on a recurring basis:

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
<b>Preferred Stock</b>	\$ 42,477	\$ —	\$ —	\$ 42,477
<b>Money Market Funds</b>	296	—	—	296
<b>Equity Funds</b>				
Emerging markets	27,834	—	—	27,834
Foreign large-cap blend	76,918	—	—	76,918
Small-cap value	12,733	—	—	12,733
Small-cap growth	12,866	—	—	12,866
Large-cap value	52,240	—	—	52,240
Large-cap growth	52,675	—	—	52,675
Energy limited partnership	30,108	—	—	30,108
Natural resources	28,710	—	—	28,710
<b>Total Equity Funds</b>	294,084	—	—	294,084
<b>Bond Funds</b>				
Emerging markets	12,634	—	—	12,634
Short-term	17,199	—	—	17,199
High yield	44,170	—	—	44,170
Intermediate-term bond	34,234	—	—	34,234
Inflation protected bond	8,399	—	—	8,399
<b>Total Bond Funds</b>	116,636	—	—	116,636
	\$ 453,493	\$ —	\$ —	\$ 453,493

# MATHEWS-DICKEY BOYS' & GIRLS' CLUB

## Notes To Financial Statements (Continued)

	December 31, 2017			Total
	Level 1	Level 2	Level 3	
<b>Preferred Stock</b>	\$ 13,282	\$ —	\$ —	\$ 13,282
<b>Money Market Funds</b>	92	—	—	92
<b>Equity Funds</b>				
Emerging markets	28,007	—	—	28,007
Foreign large-cap blend	69,323	—	—	69,323
Small-cap value	14,635	—	—	14,635
Small-cap growth	14,205	—	—	14,205
Mid-cap growth	14,824	—	—	14,824
Mid-cap value	14,282	—	—	14,282
Large-cap value	66,867	—	—	66,867
Large-cap growth	72,969	—	—	72,969
Energy limited partnership	18,961	—	—	18,961
Natural resources	25,421	—	—	25,421
Commodities	21,519	—	—	21,519
<b>Total Equity Funds</b>	<b>361,013</b>	<b>—</b>	<b>—</b>	<b>361,013</b>
<b>Bond Funds</b>				
Emerging markets	13,539	—	—	13,539
Short-term	16,972	—	—	16,972
High yield	44,889	—	—	44,889
Intermediate-term bond	34,039	—	—	34,039
Inflation protected bond	8,521	—	—	8,521
<b>Total Bond Funds</b>	<b>117,960</b>	<b>—</b>	<b>—</b>	<b>117,960</b>
	\$ 492,347	\$ —	\$ —	\$ 492,347

## 5. Pledges Receivable

Pledges receivable consist of the following:

	2018	2017
Pledges Receivable		
Pledges due in less than one year	\$ 174,645	\$ 193,640
Pledges due in 1 to 5 years	150,000	—
<b>Total Pledges Receivable</b>	<b>324,645</b>	193,640
Less: Allowance for uncollectible pledges	4,249	4,250
Less: Present value discount	6,465	—
<b>Net Pledges Receivable</b>	<b>313,931</b>	189,390
Less: Current portion	170,396	189,390
<b>Noncurrent Portion</b>	<b>\$ 143,535</b>	\$ —

## MATHEWS-DICKEY BOYS' & GIRLS' CLUB

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### Notes To Financial Statements (Continued)

#### 6. Property And Equipment

Property and equipment consists of the following:

	<u>2018</u>	<u>2017</u>
Leasehold improvements	\$ 3,560,345	\$ 3,417,679
Furniture and equipment	824,534	780,079
Athletic equipment	484,938	469,189
Athletic fields	250,000	250,000
Athletic field improvements	393,881	393,881
	<u>5,513,698</u>	<u>5,310,828</u>
Less: Accumulated depreciation	3,297,053	3,067,320
	<u>2,216,645</u>	<u>2,243,508</u>
Construction in progress	14,770	8,400
	<u>\$ 2,231,415</u>	<u>\$ 2,251,908</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$229,733 and \$187,546, 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.

#### Property Held For Sale

Property held for sale as of December 31, 2016 consisted of a portion of the Club's property at 4444 North Union Boulevard. This property was stated at cost, including improvements, less depreciation through December 31, 2016 and approximated net book value at \$66,348. During 2017, the property was sold for \$260,000, which resulted in a gain of \$193,652.

## MATHEWS-DICKEY BOYS' & GIRLS' CLUB

### Notes To Financial Statements (Continued)

#### 7. Net Assets With Donor Restrictions

Net assets with time and purpose donor restrictions consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
After school programs	\$ 50,574	\$ —
Bob Russell Park	29,618	104,529
Capacity building	109,000	—
Education	30,049	—
Entrepreneurship	6,118	9,759
Healthy babies and living programs	29,552	24,910
RBI program	29,713	13,507
Scholarships	20,000	20,000
Special events	141,909	38,000
Sports	36,974	7,168
Technology	90,097	124,000
United Way allocation	329,206	337,685
Youth Academy	1,297	1,297
	<u>\$ 904,107</u>	<u>\$ 680,855</u>

Net assets with time and purpose donor restrictions released from restrictions consist of the following:

	<u>2018</u>	<u>2017</u>
Bob Russell Park	\$ 104,529	\$ 122,368
Building improvement campaign	—	70,775
Entrepreneurship	3,641	—
Healthy babies and living programs	13,806	97,702
RBI program	52,209	14,871
Scholarships	—	1,000
Special events	33,384	—
Sports	4,707	2,242
Technology	33,903	—
United Way allocation	337,685	337,685
	<u>\$ 583,864</u>	<u>\$ 646,643</u>

## MATHEWS-DICKEY BOYS' & GIRLS' CLUB

### Notes To Financial Statements (Continued)

#### 8. Endowments

At December 31, 2018 and 2017, the Club's endowment fund includes 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.

At December 31, 2018 and 2017, the Club had the following endowment funds:

	December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment fund	\$ 453,493	\$ —	\$ 453,493
	\$ 453,493	\$ —	\$ 453,493

  

	December 31, 2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated quasi-endowment fund	\$ 492,347	\$ —	\$ 492,347
	\$ 492,347	\$ —	\$ 492,347

Changes in these endowment fund cash and investments for the years ended December 31, 2018 and 2017 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Balance - January 1, 2017</b>	\$ 429,750	\$ —	\$ 429,750
<b>Investment Income</b>			
Investment income and realized gains, net	11,613	—	11,613
Net unrealized gain	50,984	—	50,984
<b>Total Investment Income</b>	62,597	—	62,597
<b>Balance - December 31, 2017</b>	492,347	—	492,347
<b>Investment Income (Loss)</b>			
Investment income and realized gains, net	14,017	—	14,017
Net unrealized loss	(52,871)	—	(52,871)
<b>Total Investment Income (Loss)</b>	(38,854)	—	(38,854)
<b>Balance - December 31, 2018</b>	\$ 453,493	\$ —	\$ 453,493

**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. At December 31, 2018 and 2017, endowment assets consist of 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 5%. 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. The Organization has a policy that permits prudent spending from underwater endowments, unless otherwise precluded by donor intent or relevant laws and regulations.

## MATHEWS-DICKEY BOYS' & GIRLS' CLUB

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### Notes To Financial Statements (Continued)

#### 9. Line Of Credit

In August 2016, the Club entered into a revolving line of credit agreement with a financial institution in the amount of \$297,500. The agreement, which renews annually in August unless terminated by either party, is secured by a portion of the Club's investments and bears interest at the prime rate, which was 5.5% at December 31, 2018. During 2018, the Club increased the line of credit to \$320,000. For the years ended December 31, 2018 and 2017, the Club had an outstanding balance in the amount of \$320,000 and \$100,000, respectively.

#### 10. Liquidity And Availability Of Financial Assets

The Club's assets available within one year of the statement of financial position date for general expenditures are as follows at December 31, 2018:

Cash and cash equivalents	\$ 79,524
Investments	453,493
Accounts receivable	1,575
Pledges receivable, net	170,396
Pledge receivable - United Way	329,708
Total financial assets	<u>1,034,696</u>
Less amounts not available to be used within one year:	
Amounts designated by the Board for specific purposes	453,493
Amounts with donor purpose and/or time restrictions	<u>158,145</u>
Total financial assets not available to be used within one year	<u>611,638</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 423,058</u>

The Club receives significant contributions and pledges receivable from donors for programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Club also receives significant revenue from fundraising events. The Club manages its liquidity and reserves by operating within a cash flow positive budget and maintaining adequate liquid assets to fund near-term operating needs.

The Club regularly monitors its liquidity required to meet at a minimum its operating needs and other contractual commitments. The Club has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, pledges receivable and a line of credit. In addition to these sources, the Club negotiates favorable vendor payment terms.

## MATHEWS-DICKEY BOYS' & GIRLS' CLUB

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### Notes To Financial Statements (Continued)

#### 11. Commitments

The Club leases office equipment and vehicles 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>
2019	\$ 56,326
2020	21,378
2021	10,404
	<u>\$ 88,108</u>

Rental expense was \$49,130 and \$52,385 for the years ended December 31, 2018 and 2017, respectively.

#### 12. 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 \$37,396 and \$37,470 for the years ended December 31, 2018 and 2017, respectively.

#### 13. Related Party Transactions

During the years ended December 31, 2018 and 2017, the Club received \$678,451 and \$493,697, respectively, in contributions from various board members and companies at which board members are executives or owners.

#### 14. Concentration

The Club derived approximately 18% and 16% of its total public support from United Way funding during the years ended December 31, 2018 and 2017, respectively.



**15. Noncash Investing And Financing Activities**

At December 31, 2018 and 2017, purchases of property of equipment of \$14,770 and \$8,400, respectively, had been incurred and were payable.