

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

**FINANCIAL STATEMENTS**

Year Ended December 31, 2010 with Comparative Totals  
for the Year Ended December 31, 2009



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

### **Mathews-Dickey Boys' & Girls' Club:**

We have audited the statement of financial position of the Mathews-Dickey Boys' & Girls' Club as of December 31, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior-year summarized comparative information has been derived from the 2009 financial statements and, in our report dated July 14, 2010, we expressed an unqualified opinion on those statements.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2010, and the results of its activities and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

*Mayer Hoffman McCann P.C.*

St. Louis, Missouri  
August 30, 2011

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

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b><u>ASSETS</u></b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 132,011	\$ 129,481
Short-term investments	54,466	261,905
Pledges receivable, net	80,141	163,845
Receivable - United Way	446,425	446,425
Prepaid expenses and other	12,679	23,783
TOTAL CURRENT ASSETS	<u>725,722</u>	<u>1,025,439</u>
PROPERTY AND EQUIPMENT, at cost, less		
accumulated depreciation	2,362,923	2,413,841
RESTRICTED CASH	159,541	698,262
INVESTMENTS	1,551,296	1,323,292
PLEDGES RECEIVABLE - LONG-TERM, NET	<u>332,948</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 5,132,430</u>	<u>\$ 5,460,834</u>
<b><u>LIABILITIES</u></b>		
CURRENT LIABILITIES:		
Accounts payable	\$ 109,604	\$ 151,073
Accrued expenses and other liabilities	153,077	129,088
TOTAL CURRENT LIABILITIES	<u>262,681</u>	<u>280,161</u>
<b><u>NET ASSETS</u></b>		
Unrestricted - Board designated	3,795,809	3,847,597
Temporarily restricted	945,940	1,205,076
Permanently restricted	128,000	128,000
TOTAL NET ASSETS	<u>4,869,749</u>	<u>5,180,673</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,132,430</u>	<u>\$ 5,460,834</u>

See Notes to Financial Statements.

MATHEWS-DICKEY BOYS' & GIRLS' CLUB

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2010 with Comparative Totals for the Year Ended December 31, 2009

	2010			2009	
	Unrestricted- Board Designated	Temporarily Restricted	Permanently Restricted	Total	Total
<b>PUBLIC SUPPORT:</b>					
United Way	\$ 10,813	\$ 446,425	\$ -	\$ 457,238	\$ 449,046
Contributions	730,936	65,400	-	796,336	640,103
In-kind donations	285,320	-	-	285,320	216,675
Banquets and special events	493,031	-	-	493,031	581,089
Memberships	31,945	-	-	31,945	31,665
United Way allocation released from restriction	446,425	(446,425)	-	-	-
Net assets released from restrictions	324,536	(324,536)	-	-	-
<b>TOTAL PUBLIC SUPPORT</b>	<b>2,323,006</b>	<b>(259,136)</b>	<b>-</b>	<b>2,063,870</b>	<b>1,918,578</b>
<b>REVENUE:</b>					
Grants	300,000	-	-	300,000	-
Registration fees	89,151	-	-	89,151	74,280
Net realized and unrealized gains on investments	125,418	-	-	125,418	154,890
Interest and dividends	39,701	-	-	39,701	45,006
Room rental	17,937	-	-	17,937	18,623
Other	30,603	-	-	30,603	30,781
<b>TOTAL REVENUE</b>	<b>602,810</b>	<b>-</b>	<b>-</b>	<b>602,810</b>	<b>323,580</b>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>2,925,816</b>	<b>(259,136)</b>	<b>-</b>	<b>2,666,680</b>	<b>2,242,158</b>
<b>EXPENSES:</b>					
Program services	2,234,730	-	-	2,234,730	1,889,175
General and administrative	250,338	-	-	250,338	243,826
Fundraising	492,536	-	-	492,536	292,166
<b>TOTAL EXPENSES</b>	<b>2,977,604</b>	<b>-</b>	<b>-</b>	<b>2,977,604</b>	<b>2,425,167</b>
<b>CHANGE IN NET ASSETS</b>	<b>(51,788)</b>	<b>(259,136)</b>	<b>-</b>	<b>(310,924)</b>	<b>(183,009)</b>
<b>NET ASSETS, beginning of year</b>	<b>3,847,597</b>	<b>1,205,076</b>	<b>128,000</b>	<b>5,180,673</b>	<b>5,363,682</b>
<b>NET ASSETS, end of year</b>	<b>\$ 3,795,809</b>	<b>\$ 945,940</b>	<b>\$ 128,000</b>	<b>\$ 4,869,749</b>	<b>\$ 5,180,673</b>

See Notes to Financial Statements.

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

**STATEMENTS OF FUNCTIONAL EXPENSES**

Year Ended December 31, 2010 with Comparative Totals for the Year Ended December 31, 2009

	Supporting Services				2010 Total	2009 Total
	Program Services	General and Administrative	Fundraising	Supporting Services Total		
Salaries	\$ 749,505	\$ 83,650	\$ 170,799	\$ 254,449	\$ 1,003,954	\$ 762,388
Payroll taxes and fringe benefits	211,362	23,589	48,167	71,756	283,118	255,078
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>960,867</b>	<b>107,239</b>	<b>218,966</b>	<b>326,205</b>	<b>1,287,072</b>	<b>1,017,466</b>
Printing and artwork	24,432	6,981	38,394	45,375	69,807	52,929
Contract labor	169,088	-	23,250	23,250	192,338	138,430
Volunteer hours	89,600	-	-	-	89,600	134,880
Transportation	24,026	1,503	4,505	6,008	30,034	51,765
Postage and shipping	1,362	1,313	5,431	6,744	8,106	8,398
Scholarships and awards	41,507	-	-	-	41,507	70,365
Occupancy	117,233	24,047	9,017	33,064	150,297	125,889
Telephone	34,612	10,152	1,385	11,537	46,149	37,802
Insurance	56,278	9,492	2,034	11,526	67,804	59,818
Equipment and supplies	347,108	46,031	12,554	58,585	405,693	246,481
Repairs and maintenance	38,484	14,092	1,626	15,718	54,202	47,706
Service fees	7,652	783	261	1,044	8,696	5,307
Professional services	66,492	10,425	2,606	13,031	79,523	73,479
Public affairs and events	80,763	-	160,321	160,321	241,084	175,273
<b>TOTAL OTHER EXPENSES</b>	<b>1,098,637</b>	<b>124,819</b>	<b>261,384</b>	<b>386,203</b>	<b>1,484,840</b>	<b>1,228,522</b>
Depreciation	175,226	18,280	12,186	30,466	205,692	179,179
<b>TOTAL EXPENSES</b>	<b>\$ 2,234,730</b>	<b>\$ 250,338</b>	<b>\$ 492,536</b>	<b>\$ 742,874</b>	<b>\$ 2,977,604</b>	<b>\$ 2,425,167</b>

See Notes to Financial Statements.

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

**STATEMENTS OF CASH FLOWS**

Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (310,924)	\$ (183,009)
Adjustments to reconcile change in net assets to cash flows from operations-		
Depreciation	205,692	179,179
Net unrealized gains on investments	(149,494)	(186,011)
Net realized losses on investments	24,076	31,121
Changes in:		
Pledges receivable, current	83,704	97,635
Pledges receivable, long-term	(332,948)	119,150
Receivable - United Way	-	17,393
Prepaid expenses and other	11,104	(10,194)
Accounts payable	(41,469)	10,313
Accrued expenses and other liabilities	23,989	(29,026)
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>(486,270)</u>	 <u>46,551</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions to property and equipment	(154,774)	(193,799)
Purchases of investments	(502,291)	(42,635)
Sales of investments	399,705	145,507
 NET CASH FLOWS FROM INVESTING ACTIVITIES	 <u>(257,360)</u>	 <u>(90,927)</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND SHORT-TERM INVESTMENTS	 (743,630)	 (44,376)
 CASH, CASH EQUIVALENTS, RESTRICTED CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	 <u>1,089,648</u>	 <u>1,134,024</u>
 CASH, CASH EQUIVALENTS, RESTRICTED CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	 <u>\$ 346,018</u>	 <u>\$ 1,089,648</u>

See Notes to Financial Statements.

## MATHEWS-DICKEY BOYS' & GIRLS' CLUB

### NOTES TO FINANCIAL STATEMENTS

#### (1) Organization

Mathews-Dickey Boys' & Girls' Club (the Club) is a Missouri not-for-profit corporation established 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.

#### (2) Summary of significant accounting policies

**Basis of accounting** – The financial statements of the Club have been prepared on the accrual basis of accounting.

**Basis of presentation** – The Club follows accounting standards set by the Financial Accounting Standards Board (FASB). In June 2009, the FASB issued ASC 105, *Generally Accepted Accounting Principles*, which establishes the Accounting Standards Codification (ASC), as the sole source of authoritative U.S. generally accepted accounting principles (GAAP). ASC 105 is effective for periods ending on or after September 1, 2009.

The financial statement presentation follows the recommendations of ASC 958-205. Under ASC 958-205, the Club is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Cash and cash equivalents** – All highly liquid investments with maturity of three months or less when purchased are considered to be cash equivalents. Money market funds are included in short-term investments. Cash received by the Club that is restricted in use by the donor is accounted for separately by the Club. Restricted cash held at December 31, 2010 and 2009 is restricted by the donors to be used for the Club's building improvement campaign and a specific scholarship program. As of December 31, 2010 and 2009, the restricted cash account is owed approximately \$385,000 and \$0, respectively, from operations to be used for future building improvements.

**Investments** – Investments are recorded at fair value in the accompanying statements of financial position in accordance with ASC 820. The fair values of investments with readily determinable fair values are based on quoted market prices. Realized and unrealized gains and losses are reflected in the statements of activities. Contributed securities are recorded at their fair market value on the date of receipt.

**Receivables** – Receivables consist of United Way allocations and pledges receivable. These are recorded at net realizable value. The 2010 United Way allocation is recorded as temporarily restricted support. Pledges are recorded in the year they are made. Pledges made and received beyond one year are discounted to the present value of estimated future cash flows using a discount rate of 5%.

## MATHEWS-DICKEY BOYS' & GIRLS' CLUB

### NOTES TO FINANCIAL STATEMENTS

#### (2) Summary of significant accounting policies (continued)

Amortization of discounts is included in contribution revenue. The Club maintains an allowance for uncollectible pledges based on their collection experience and a review of the current status of existing receivables. The Club has an allowance for uncollectible pledges of \$34,319 and \$46,005 at December 31, 2010 and 2009, respectively.

**Property and equipment** – Property and equipment is stated at original cost, if purchased, or at fair market value at date of donation, if donated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, as follows: Building–27.5 years; Leasehold improvements–19 years; Furniture and equipment–3-8 years; and Athletic equipment–4 years. Maintenance and repairs are charged to operations. Major renewals and improvements 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.

**Unrestricted-Board designated net assets** – Unrestricted-Board designated net assets include net assets restricted by the Board to fund the general activities of the Club to provide programs and facilities for youth in the metropolitan St. Louis, Missouri, community.

**Temporarily restricted net assets** – The donor for specific programs restricts temporarily restricted net assets. When the temporary restriction is met or the donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. In situations where the restriction is met in the period the contribution is made or revenue is earned, the income is recorded in unrestricted net assets.

**Permanently restricted net assets** – Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Club to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

**In-kind donations** – In-kind donations include contributions of nonfinancial assets, including tickets and autographed items for special events, and volunteer time. Nonfinancial assets are recorded at fair value. Volunteer time primarily relates to tutors whose time meets the requirements of ASC 958-605.

**Functional expenses** – 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

#### (2) Summary of significant accounting policies (continued)

**Use of estimates** – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Comparative financial information** – The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Club's financial statements for the year ended December 31, 2009 from which the summarized information was derived.

**Fair value of financial instruments** – Financial instruments, including cash and cash equivalents, restricted cash, prepaid expenses and other, accounts payable, and accrued expenses and other liabilities are carried at cost which approximates fair value due to the short-term nature of these instruments.

The Club determines the fair value of certain financial assets on a recurring basis through application of ASC 820, as disclosed in Note 4 to the financial statements.

There were no triggering events that required fair value measurements of the Club's nonfinancial assets and liabilities at December 31, 2010.

**Income taxes** – The Club is a not-for-profit corporation, exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and none of its present or anticipated future activities are subject to taxation as unrelated business income. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Club follows the provisions of ASC 740-10-25 requiring disclosure of uncertain tax positions. There have been no interest or penalties neither recognized in the Statements of Activities nor in the Statements of Financial Position related to uncertain tax positions. In addition, no tax positions exist for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease within the next 12 months. The Club evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts.

**Reclassifications** – Certain items in the 2009 financial statements have been reclassified to conform to the 2010 presentation.

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

**NOTES TO FINANCIAL STATEMENTS**

**(3) Pledges receivable**

Pledges receivable are as follows:

	December 31,	
	<b>2010</b>	<b>2009</b>
Receivables in less than one year	\$ 114,460	\$ 209,850
Receivables in one to five years	400,000	-
Total pledges receivable	514,460	209,850
Less:		
Allowance for uncollectible pledges	(34,319)	(46,005)
Discounts to net present value	(67,052)	-
Net pledges receivable	413,089	163,845
Less: current portion	(80,141)	(163,845)
Non-current portion	<u>\$ 332,948</u>	<u>\$ -</u>

**(4) Fair value measurements**

Fair values of assets and liabilities measured on a recurring basis at December 31, 2010 and 2009 are as follows:

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2010</u>				
Money market funds	\$ 54,466	\$ 54,466	\$ -	\$ -
Equities:				
Common stock:				
Domestic common stock	459,493	459,493	-	-
Foreign common stock	57,089	57,089	-	-
Equity mutual funds:				
Small Cap	75,227	75,227	-	-
Mid Cap	133,833	133,833	-	-
Diversified emerging markets	65,508	65,508	-	-
Foreign large cap	180,858	180,858	-	-
Total equities	<u>972,008</u>	<u>972,008</u>	<u>-</u>	<u>-</u>
Bonds:				
AAA	208,840	-	208,840	-
AA2	26,298	-	26,298	-
AA3	54,048	-	54,048	-
A1	187,286	-	187,286	-
A2	50,229	-	50,229	-
A3	52,587	-	52,587	-
Total bonds	<u>579,288</u>	<u>-</u>	<u>579,288</u>	<u>-</u>
Total	<u>\$ 1,605,762</u>	<u>\$ 1,026,474</u>	<u>\$ 579,288</u>	<u>\$ -</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**(4) Fair value measurements (continued)**

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2009</u>				
Money market funds	\$ 261,905	\$ 261,905	\$ -	\$ -
Equities:				
Common stock:				
Domestic common stock	416,660	416,660	-	-
Foreign common stock	29,963	29,963	-	-
Equity mutual funds:				
Small Cap	39,398	39,398	-	-
Mid Cap	108,037	108,037	-	-
Diversified emerging markets	28,012	28,012	-	-
Foreign large cap	111,320	111,320	-	-
Total equities	733,390	733,390	-	-
Bonds:				
AAA	276,846	-	276,846	-
AA2	26,784	-	26,784	-
AA3	53,267	-	53,267	-
A1	180,098	-	180,098	-
A3	52,907	-	52,907	-
Total bonds	589,902	-	589,902	-
Total	\$ 1,585,197	\$ 995,295	\$ 589,902	\$ -

Fair value for investments valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. The Club's investments in this category consist primarily of common stocks, mutual funds, U.S. Treasuries, and money market funds. Fair value for investments valued using Level 2 inputs are based primarily on available quoted prices for similar assets in active or inactive markets. Investments in the Level 2 category primarily include corporate bonds.

## MATHEWS-DICKEY BOYS' & GIRLS' CLUB

### NOTES TO FINANCIAL STATEMENTS

#### (5) **Endowment**

The Club's endowment consists of one general fund established for a variety of purposes. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Club has interpreted the state of Missouri enacted version of 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, and (b) the original value of subsequent gifts to the permanent endowment. 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.

#### **Spending policy**

The Board of Directors has approved a spending policy that allows the Club to withdraw, if needed, the amount of net income produced by the endowment fund in the subsequent year after the income is earned.

#### **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 fixed income investments to achieve its long-term return objectives within prudent risk constraints.

#### **Funds with deficiencies**

At no time has the fair value of assets associated with donor-restricted endowment funds fallen below the level that the donor requires the Club to retain as a fund of perpetual duration.

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

**NOTES TO FINANCIAL STATEMENTS**

**(5) Endowment (continued)**

For the year ended December 31, 2010, the Club had the following endowment-related activities:

	<b>2010 Endowment Funds</b>		
	<b>Donor- Restricted</b>	<b>Board- Designated</b>	<b>Total</b>
	<b>Permanently Restricted</b>	<b>Unrestricted</b>	
<b>Beginning Balance, January 1, 2010</b>	\$ 128,000	\$ 1,457,197	\$ 1,585,197
<b>Investment Return</b>			
Investment Income and Realized Gains, Net	-	15,625	15,625
Net Unrealized Appreciation	-	149,494	149,494
<b>Total Investment Return</b>	-	165,119	165,119
Contributions to Perpetual Endowment	-	1,723	1,723
Amounts Appropriated for Expenditure	-	(146,277)	(146,277)
<b>Total Change In Endowment Funds</b>	-	20,565	20,565
<b>Ending Balance, December 31, 2010</b>	<u>\$ 128,000</u>	<u>\$ 1,477,762</u>	<u>\$ 1,605,762</u>

**(6) Property and equipment**

Property and equipment consists of the following:

	December 31,	
	<b>2010</b>	<b>2009</b>
Leasehold improvements	\$ 2,904,085	\$ 2,817,726
Furniture and equipment	679,724	559,065
Athletic equipment	347,265	345,766
Building	334,234	334,234
Construction in progress	-	53,743
	<u>4,265,308</u>	<u>4,110,534</u>
Less accumulated depreciation	(1,902,385)	(1,696,693)
<b>Total property and equipment, net</b>	<u>\$ 2,362,923</u>	<u>\$ 2,413,841</u>

Depreciation expense for the years ended December 31, 2010 and 2009 was \$205,692 and \$179,179, respectively.

## MATHEWS-DICKEY BOYS' & GIRLS' CLUB

### NOTES TO FINANCIAL STATEMENTS

(6) **Property and equipment (continued)**

The Club's building and sports facility, built with contributions and subsequently deeded to the City of Saint 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.

(7) **Operating leases**

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

**Years Ending December 31,**

2011	\$	36,504
2012		21,888
2013		14,704
2014		7,104
Thereafter		<u>5,328</u>
Totals	\$	<u><u>85,528</u></u>

Rental expense was \$20,880 and \$23,893 for the years ended December 31, 2010 and 2009, respectively.

(8) **Temporarily restricted net assets**

Temporarily restricted net assets are available for the following purposes at:

	December 31,	
	<u>2010</u>	<u>2009</u>
Building improvement campaign	\$ 389,515	\$ 543,899
Preschool program	10,000	10,000
Scholarship matching	100,000	100,000
United Way allocation	446,425	446,425
Other	-	104,752
	<u>\$ 945,940</u>	<u>\$ 1,205,076</u>

(9) **Permanently restricted net assets**

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support the Club.

## MATHEWS-DICKEY BOYS' & GIRLS' CLUB

### NOTES TO FINANCIAL STATEMENTS

**(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 been with the Club for at least one year. Employees can contribute up to 75% 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 \$27,181 and \$27,576 for the years ended December 31, 2010 and 2009, respectively.

**(11) Related party transactions**

During the year ended December 31, 2010 and 2009, the Club received \$162,855 and \$229,280, respectively, in contributions from various board members and companies at which board members are executives or owners.

A board member of the Club is a member of the law firm utilized by the Club. In-kind contributions from this law firm for services provided for the years ended December 31, 2010 and 2009 was \$496 and \$7,051, respectively. The value of these in-kind contributions has been reflected as "In-kind Donations" on the statements of activities.

In addition, during the year ended December 31, 2010 and 2009, the Club paid \$41,750 and \$25,700, respectively, to family members of senior management of the Club for various services.

**(12) Risks and uncertainties**

The Club's assets include investments in various securities which, in general, are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statements of financial position and the statements of activities.

The Club maintains cash and cash equivalents and short and long-term investments 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. At times, the Club may have cash balances with banks in excess of the FDIC coverage.

The Club derived approximately 17% and 20% of its total support and revenue from United Way funding during the years ended December 31, 2010 and 2009, respectively.

**(13) Subsequent events**

In accordance with ASC 855, the Club has evaluated subsequent events through August 30, 2011, which is the date the financial statements were available to be issued.