
**THE BOARD FOR INNER CITY
MISSIONS OF THE UNITED CHURCH OF
CHRIST IN METROPOLITAN ST. LOUIS
D/B/A NEIGHBORHOOD HOUSES**
FINANCIAL STATEMENTS
DECEMBER 31, 2014



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Independent Auditors' Report

Board of Directors
The Board for Inner City Missions of the
United Church of Christ in Metropolitan
St. Louis d/b/a Neighborhood Houses
St. Louis, Missouri

Report On The Financial Statements

We have audited the accompanying financial statements of The Board for Inner City Missions of the United Church of Christ in Metropolitan St. Louis d/b/a Neighborhood Houses, which comprise the statement of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Board of Directors
The Board for Inner City Missions of the
United Church of Christ in Metropolitan
St. Louis d/b/a Neighborhood Houses

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 The Board for Inner City Missions of the United Church of Christ in Metropolitan St. Louis d/b/a Neighborhood Houses as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

RubinBrown LLP

June 19, 2015

**THE BOARD FOR INNER CITY MISSIONS OF THE
UNITED CHURCH OF CHRIST IN METROPOLITAN ST. LOUIS
D/B/A NEIGHBORHOOD HOUSES**

STATEMENT OF FINANCIAL POSITION

Assets

	December 31,	
	2014	2013
Current Assets		
Cash and cash equivalents	\$ 160,137	\$ 269,022
Accounts receivable	337,401	308,653
Promise to give - United Way of Greater St. Louis, Inc.	627,224	662,617
Prepaid expenses and other assets	36,911	126,146
Total Current Assets	1,161,673	1,366,438
Investments	90,834	95,581
Property And Equipment	372,176	482,536
Beneficial Interest In Trust	86,939	84,738
Total Assets	\$ 1,711,622	\$ 2,029,293

Liabilities And Net Assets

Current Liabilities		
Accounts payable and accrued expenses	\$ 62,484	\$ 134,863
Payroll liabilities	2,493	141,519
Current portion of long-term debt	13,370	10,971
Total Current Liabilities	78,347	287,353
Long-Term Debt	123,671	118,112
Total Liabilities	202,018	405,465
Net Assets		
Unrestricted	665,667	735,760
Temporarily restricted	756,998	803,330
Permanently restricted	86,939	84,738
Total Net Assets	1,509,604	1,623,828
Total Liabilities And Net Assets	\$ 1,711,622	\$ 2,029,293

**THE BOARD FOR INNER CITY MISSIONS OF THE
UNITED CHURCH OF CHRIST IN METROPOLITAN ST. LOUIS
D/B/A NEIGHBORHOOD HOUSES**

**STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2014**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support, Revenue And Gains (Losses)				
Public Support				
Contributions, legacies and bequests	\$ 409,802	\$ 192,388	\$ —	\$ 602,190
United Way of Greater St. Louis, Inc.	—	667,069	—	667,069
Government grants and fees	1,473,442	—	—	1,473,442
Total Public Support	1,883,244	859,457	—	2,742,701
Revenue And Gains (Losses)				
Program service fees	124,481	—	—	124,481
Net realized and unrealized losses on investments	(23)	(1,314)	—	(1,337)
Gain on sale of property and equipment	19,063	—	—	19,063
Investment income	—	6,548	—	6,548
Other income	22,317	—	—	22,317
Change in value of beneficial interest in perpetual trust	—	—	2,201	2,201
Total Revenue And Gains (Losses)	165,838	5,234	2,201	173,273
Net Assets Released From Restrictions	911,023	(911,023)	—	—
Total Public Support, Revenue And Gains (Losses)	2,960,105	(46,332)	2,201	2,915,974
Expenses				
Program Services				
Teen mothers' program	73,022	—	—	73,022
Early childhood education	1,008,277	—	—	1,008,277
School age services	1,380,077	—	—	1,380,077
Total Program Services	2,461,376	—	—	2,461,376
Supporting Activities				
Management and general	343,193	—	—	343,193
Development	225,629	—	—	225,629
Total Supporting Activities	568,822	—	—	568,822
Total Expenses	3,030,198	—	—	3,030,198
Increase (Decrease) In Net Assets	(70,093)	(46,332)	2,201	(114,224)
Net Assets - Beginning Of Year	735,760	803,330	84,738	1,623,828
Net Assets - End Of Year	\$ 665,667	\$ 756,998	\$ 86,939	\$ 1,509,604

**THE BOARD FOR INNER CITY MISSIONS OF THE
UNITED CHURCH OF CHRIST IN METROPOLITAN ST. LOUIS
D/B/A NEIGHBORHOOD HOUSES**

**STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2013**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support, Revenue And Gains (Losses)				
Public Support				
Contributions, legacies and bequests	\$ 570,909	\$ 143,489	\$ 84,738	\$ 799,136
United Way of Greater St. Louis, Inc.	—	719,063	—	719,063
Government grants and fees	1,279,812	—	—	1,279,812
Total Public Support	1,850,721	862,552	84,738	2,798,011
Revenue And Gains (Losses)				
Program service fees	97,164	—	—	97,164
Net realized and unrealized gains on investments	42	10,597	—	10,639
Gain on sale of property and equipment	28,063	—	—	28,063
Investment income	5	5,935	—	5,940
Other income	19,521	—	—	19,521
Total Revenue And Gains (Losses)	144,795	16,532	—	161,327
Net Assets Released From Restrictions	877,945	(877,945)	—	—
Clarification Of Donor Intent	(85,393)	85,393	—	—
Total Public Support, Revenue And Gains (Losses)	2,788,068	86,532	84,738	2,959,338
Expenses				
Program Services				
Teen mothers' program	74,959	—	—	74,959
Early childhood education	910,488	—	—	910,488
School age services	1,187,881	—	—	1,187,881
Total Program Services	2,173,328	—	—	2,173,328
Supporting Activities				
Management and general	323,498	—	—	323,498
Development	256,851	—	—	256,851
Total Supporting Activities	580,349	—	—	580,349
Total Expenses	2,753,677	—	—	2,753,677
Increase In Net Assets	34,391	86,532	84,738	205,661
Net Assets - Beginning Of Year	701,369	716,798	—	1,418,167
Net Assets - End Of Year	\$ 735,760	\$ 803,330	\$ 84,738	\$ 1,623,828

**THE BOARD FOR INNER CITY MISSIONS OF THE
UNITED CHURCH OF CHRIST IN METROPOLITAN ST. LOUIS
D/B/A NEIGHBORHOOD HOUSES**

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

	Program Services				Supporting Services		
	Teen Mothers' Program	Early Childhood Education	School Age Services	Total	Management And General	Development	Total
Salaries	\$ 38,087	\$ 611,546	\$ 954,667	\$ 1,604,300	\$ 174,093	\$ 119,308	\$ 1,897,701
Employee benefits	3,907	46,626	56,684	107,217	10,423	4,379	122,019
Payroll taxes	3,633	59,180	94,445	157,258	15,581	9,617	182,456
Advertising	154	1,843	2,203	4,200	545	487	5,232
Conferences and training	397	4,810	11,360	16,567	4,954	11,769	33,290
Dues and subscriptions	111	1,952	1,594	3,657	2,485	328	6,470
Financial assistance	4,019	170	6,510	10,699	—	—	10,699
Food and medical supplies	3,216	52,226	13,815	69,257	7,907	1,190	78,354
Insurance	635	7,703	10,040	18,378	3,550	2,171	24,099
Interest	256	3,103	4,045	7,404	1,430	875	9,709
Miscellaneous	216	2,503	4,941	7,660	3,331	793	11,784
Postage and parcel post	—	10	28	38	2,200	1,246	3,484
Printing	—	405	2,182	2,587	82	11,801	14,470
Professional fees	1,507	35,156	22,085	58,748	86,189	25,574	170,511
Rent	1,048	11,530	33,524	46,102	9,192	—	55,294
Repairs and maintenance	1,877	27,491	5,788	35,156	1,131	46	36,333
Special events and fieldtrips	—	8,795	8,332	17,127	—	25,821	42,948
Subcontractor fees	163	13,932	42,199	56,294	1,638	556	58,488
Supplies - educational, office and recreational	4,770	44,715	48,101	97,586	5,107	4,974	107,667
Telephone	817	5,746	16,005	22,568	9,880	594	33,042
Travel and mileage	1,310	4,904	31,262	37,476	177	2,083	39,736
Utilities	2,510	22,725	1,633	26,868	245	150	27,263
Total expenses before depreciation	68,633	967,071	1,371,443	2,407,147	340,140	223,762	2,971,049
Depreciation	4,389	41,206	8,634	54,229	3,053	1,867	59,149
	\$ 73,022	\$ 1,008,277	\$ 1,380,077	\$ 2,461,376	\$ 343,193	\$ 225,629	\$ 3,030,198

**THE BOARD FOR INNER CITY MISSIONS OF THE
UNITED CHURCH OF CHRIST IN METROPOLITAN ST. LOUIS
D/B/A NEIGHBORHOOD HOUSES**

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

	Program Services				Supporting Services		
	Teen Mothers' Program	Early Childhood Education	School Age Services	Total	Management And General	Development	Total
Salaries	\$ 36,198	\$ 554,747	\$ 854,672	\$ 1,445,617	\$ 233,209	\$ 76,103	\$ 1,754,929
Employee benefits	4,215	58,353	60,713	123,281	9,823	891	133,995
Payroll taxes	3,654	53,396	86,695	143,745	6,397	6,245	156,387
Advertising	91	1,000	1,301	2,392	650	2,220	5,262
Conferences and training	335	326	8,013	8,674	1,524	10,372	20,570
Dues and subscriptions	117	1,801	1,124	3,042	424	109	3,575
Financial assistance	9,266	4,282	3,619	17,167	—	—	17,167
Food and medical supplies	2,391	47,051	6,515	55,957	5,641	845	62,443
Insurance	835	10,122	13,193	24,150	4,665	2,853	31,668
Interest	382	4,636	6,042	11,060	2,136	1,307	14,503
Miscellaneous	847	5,901	6,426	13,174	5,835	1,199	20,208
Postage and parcel post	—	116	36	152	752	3,375	4,279
Printing	65	201	793	1,059	174	3,771	5,004
Professional fees	1,228	34,427	18,931	54,586	13,838	56,216	124,640
Rent	607	6,698	25,229	32,534	15,689	48	48,271
Repairs and maintenance	2,928	29,582	9,596	42,106	548	742	43,396
Special events	—	2,242	6,597	8,839	—	85,525	94,364
Subcontractor fees	291	7,533	11,724	19,548	4,201	995	24,744
Supplies - educational, office and recreational	1,533	16,726	18,961	37,220	4,841	764	42,825
Telephone	788	5,444	12,267	18,499	8,067	311	26,877
Travel and mileage	2,375	2,359	11,054	15,788	1,101	524	17,413
Utilities	2,339	21,908	7,892	32,139	1,526	933	34,598
Total expenses before depreciation	70,485	868,851	1,171,393	2,110,729	321,041	255,348	2,687,118
Depreciation	4,474	41,637	16,488	62,599	2,457	1,503	66,559
	\$ 74,959	\$ 910,488	\$ 1,187,881	\$ 2,173,328	\$ 323,498	\$ 256,851	\$ 2,753,677

**THE BOARD FOR INNER CITY MISSIONS OF THE
UNITED CHURCH OF CHRIST IN METROPOLITAN ST. LOUIS
D/B/A NEIGHBORHOOD HOUSES**

STATEMENT OF CASH FLOWS

	For The Years	
	Ended December 31,	
	2014	2013
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (114,224)	\$ 205,661
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	59,149	66,559
Net realized and unrealized (gains) losses on investments	1,337	(10,639)
Contribution of beneficial interest in perpetual trust	—	(84,738)
Change in value of beneficial interest in perpetual trust	(2,201)	—
In-kind contribution of property and equipment	(33,595)	—
Gain on sale of property and equipment	(19,063)	(28,063)
Changes in assets and liabilities:		
Increase in accounts receivable	(28,748)	(194,363)
Decrease in United Way promise to give	35,393	1,007
(Increase) decrease in prepaid expenses and other assets	89,235	(97,160)
Decrease in accounts payable and accrued expenses	(72,379)	(6,364)
Increase (decrease) in payroll liabilities	(139,026)	90,482
Net Cash Used In Operating Activities	(224,122)	(57,618)
Cash Flows From Investing Activities		
Proceeds from sale of investments	10,000	9,615
Purchases of investments	(6,590)	(7,251)
Proceeds from sale of property and equipment	89,500	139,996
Purchases of property and equipment	(15,650)	(32,838)
Net Cash Provided By Investing Activities	77,260	109,522
Cash Flows From Financing Activities		
Payments on long-term debt	(12,023)	(7,007)
Payments on note receivable	50,000	—
Net Cash Provided By (Used In) Financing Activities	37,977	(7,007)
Net Increase (Decrease) In Cash And Cash Equivalents	(108,885)	44,897
Cash And Cash Equivalents - Beginning Of Year	269,022	224,125
Cash And Cash Equivalents - End Of Year	\$ 160,137	\$ 269,022
Supplemental Disclosure Of Cash Flow Information (Note 13)		
Interest paid	\$ 9,709	\$ 11,031

**THE BOARD FOR INNER CITY MISSIONS OF THE
UNITED CHURCH OF CHRIST IN METROPOLITAN ST. LOUIS
D/B/A NEIGHBORHOOD HOUSES**

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 And 2013

1. Operations

The Board for Inner City Missions of the United Church of Christ in Metropolitan St. Louis d/b/a Neighborhood Houses (the Organization) is a not-for-profit organization dedicated to being a source of support for low-income children and families of the inner core of St. Louis City. The Organization is supported primarily through donors' contributions, grants, and the United Way of Greater St. Louis, Inc.

Description Of Program Services And Supporting Activities

The following program services and supporting activities are included in the accompanying financial statements:

Program Services:

Teen Mothers' Program

The teen mothers' program, Girls' Night Out, is designed to provide support and mentoring for pregnant and parenting teens. The program targets adolescent mothers, ages 13-19, who have multiple risk factors that contributed to early pregnancies such as living in poverty and experiencing trauma. Through group sessions using Wyman's *Teen Outreach Program* (TOP) and Parents as Teachers' *Partnering with Teens* curriculum, the program focuses on: healthy adolescent and child development; increasing parenting skills; completion of high school; developing life and social skills; and connecting young mothers with community resources.

2014 Clients served: 71

2014 Outcomes

- 100% of clients gain knowledge about healthy lifestyle habits.
- 94% of clients are promoted to the next grade level or graduate from high school.
- 100% of clients are free from substantiated incidents of child abuse and neglect.
- 100% of clients gain knowledge about available community resources.

**THE BOARD FOR INNER CITY MISSIONS OF THE
UNITED CHURCH OF CHRIST IN METROPOLITAN
ST. LOUIS D/B/A NEIGHBORHOOD HOUSES**

Notes To Financial Statements (*Continued*)

Early Childhood Education

The licensed and accredited Early Childhood Education Center at Caroline Mission provides children, ages 6 weeks to five years, from low-income families with high-quality early childhood education and care. The services are offered on a sliding scale and includes an individualized development plan for each child in addition to a strong focus on parent engagement. The Teaching Strategies Gold assessment system is utilized to design activities and track each child's individual progress. Ultimately, the goal of Caroline Mission is to prepare children for success in kindergarten and beyond.

2014 Clients served: 154

2014 Outcomes

- 95% of children are ready to enter kindergarten.
- 95% of children meet or exceed age-appropriate developmental milestones.
- 100% of parents develop coping and stress management skills.

School Age Services

With a strong commitment to personal growth and academic success, School Age Services provides before-school, after-school, and summer enrichment services for elementary aged students in low-income neighborhoods in the St. Louis area. Serving 13 school sites and three summer camp sites in 2014, the program provides homework assistance, character development, cultural awareness and strong arts programming, and uses an evidence-based curriculum for math, literature, physical fitness, and nutrition. Conscious Discipline, a research-based behavior management curriculum, is used to empower staff to use everyday conflicts to teach children life skills and encourage pro-social behavior.

2014 Clients served: 1,817

2014 Outcomes

- 99% of students are promoted to the next grade level.
- 100% of students gain/maintain independent living/essential life skills.
- 81% of students develop positive friendships with peers.

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 Organization's program strategy, secure proper administrative functioning of the Board of Directors, and manage the financial and budgetary responsibilities of the Organization.

**THE BOARD FOR INNER CITY MISSIONS OF THE
UNITED CHURCH OF CHRIST IN METROPOLITAN
ST. LOUIS D/B/A NEIGHBORHOOD HOUSES**

Notes To Financial Statements (*Continued*)

Development - Provides the structure necessary to encourage and secure financial support from individuals, organizations, corporations and public agencies.

2. Summary Of Significant Accounting Policies

Basis Of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis Of Presentation

Financial statement presentation follows the accounting standards established for not-for-profit organizations by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity, and financial flexibility. As a result, the Organization is required to report 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.

Estimates And Assumptions

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affected 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

For purposes of these financial statements, the Organization considers all temporary cash investments with an original maturity of three months or less to be cash equivalents.

Investments

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

**THE BOARD FOR INNER CITY MISSIONS OF THE
UNITED CHURCH OF CHRIST IN METROPOLITAN
ST. LOUIS D/B/A NEIGHBORHOOD HOUSES**

Notes To Financial Statements (*Continued*)

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Accounts Receivable

Accounts receivable consist principally of amounts due from state and local agencies under binding contracts with the Organization for services rendered prior to year end, as well as other funding sources. Due to the nature of the Organization's receivables, management has determined that an allowance for uncollectible accounts receivable is not necessary at December 31, 2014 or 2013.

Promises To Give

Promises to give are stated at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to expenses and a credit to promises to give. Management has determined that an allowance for uncollectible promises to give is not necessary at December 31, 2014 or 2013.

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:

Buildings	39 years
Improvements	5 - 30 years
Furniture and equipment	3 - 10 years

Long-Lived Assets

The Organization reviews for impairment of long-lived assets to be held and used whenever events or changes in circumstances indicate that the carrying amount of its assets might not be recoverable.

The Organization has reviewed the net carrying value of its long-lived assets at December 31, 2014, and determined that an impairment of such assets is not necessary.

**THE BOARD FOR INNER CITY MISSIONS OF THE
UNITED CHURCH OF CHRIST IN METROPOLITAN
ST. LOUIS D/B/A NEIGHBORHOOD HOUSES**

Notes To Financial Statements (*Continued*)

Revenue Recognition

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Expense Allocation

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classifications. Other expenses that are common to several functions are allocated based on management's best estimates.

Income Taxes

The Organization qualifies as a tax-exempt organization as defined in Section 501(c)(3) of the Internal Revenue Code and is therefore exempt from federal income taxes on income from its related, exempt activities.

The Organization's federal tax returns for tax years 2011 and later remain subject to examination by taxing authorities.

Subsequent Events

Management has evaluated subsequent events through June 19, 2015, the date on which the financial statements were available for issue.

3. Investments

Investments consist of the following:

	<u>2014</u>	<u>2013</u>
Money market funds	\$ 5,758	\$ 15,310
Mutual funds	84,796	79,995
Equity securities	280	276
	<u>\$ 90,834</u>	<u>\$ 95,581</u>

**THE BOARD FOR INNER CITY MISSIONS OF THE
UNITED CHURCH OF CHRIST IN METROPOLITAN
ST. LOUIS D/B/A NEIGHBORHOOD HOUSES**

Notes To Financial Statements (*Continued*)

Investments are carried at fair value in accordance with accounting principles generally accepted in the United States of America. Unrealized losses of \$1,337 and gains of \$10,639 were recorded for the years ended December 31, 2014 and 2013, respectively, to adjust the investments to fair value.

4. Fair Value Measurements

The Organization has adopted financial accounting standards related to fair value measurements of all financial and nonfinancial instruments. The standards define fair value 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 standards also require that valuation techniques 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 assets 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.

**THE BOARD FOR INNER CITY MISSIONS OF THE
UNITED CHURCH OF CHRIST IN METROPOLITAN
ST. LOUIS D/B/A NEIGHBORHOOD HOUSES**

Notes To Financial Statements (*Continued*)

The following are the major categories of assets measured at fair value on a recurring basis during the years ended December 31, 2014 and 2013 using quoted market prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

	2014			
	Level 1	Level 2	Level 3	Total
Money market	\$ 5,758	\$ —	\$ —	\$ 5,758
Common stock - domestic	280	—	—	280
Mutual funds - domestic and foreign	36,891	—	—	36,891
Large Cap Value Mutual Funds	11,128	—	—	11,128
Large Cap Growth Mutual Funds	18,638	—	—	18,638
Small Cap Value Mutual Funds	3,305	—	—	3,305
Small Cap Growth Mutual Funds	4,724	—	—	4,724
International Equity Mutual Funds	868	—	—	868
Emerging Markets Mutual Funds	9,242	—	—	9,242
Total Assets	\$ 90,834	\$ —	\$ —	\$ 90,834

	2013			
	Level 1	Level 2	Level 3	Total
Money market	\$ 15,310	\$ —	\$ —	\$ 15,310
Common stock - domestic	276	—	—	276
Mutual funds - domestic and foreign	34,739	—	—	34,739
Large Cap Value Mutual Funds	10,197	—	—	10,197
Large Cap Growth Mutual Funds	16,835	—	—	16,835
Small Cap Value Mutual Funds	3,186	—	—	3,186
Small Cap Growth Mutual Funds	4,510	—	—	4,510
International Equity Mutual Funds	946	—	—	946
Emerging Markets Mutual Funds	9,582	—	—	9,582
Total Assets	\$ 95,581	\$ —	\$ —	\$ 95,581

During 2014 and 2013, there were no changes in the methods and/or assumptions utilized to derive the fair value of the Organization's assets.

**THE BOARD FOR INNER CITY MISSIONS OF THE
UNITED CHURCH OF CHRIST IN METROPOLITAN
ST. LOUIS D/B/A NEIGHBORHOOD HOUSES**

Notes To Financial Statements (*Continued*)

5. Beneficial Interest In Perpetual Trust

The Organization was notified in 2013 that it has a beneficial interest in a perpetual trust created by a donor. The trust assets are not in possession or control of the Organization but are held and administered by an independent trustee. The Organization, along with the other entities, is a beneficiary of this trust. The Organization has recorded the beneficial interest in the perpetual trust at the present value of the future cash flows from the trust as a permanently restricted net asset on the statement of financial position. This present value was estimated to be equivalent to the Organization's share of the current fair value of the trust assets, which amounts to \$86,939 and \$84,738 at December 31, 2014 and 2013, respectively. The change in the value of the beneficial interest in the perpetual trust amounted to \$2,201 for the year ended December 31, 2014. The fair value at December 31, 2013 approximated the value of the perpetual trust at the date of the gift in 2013.

6. Property And Equipment

Property and equipment consist of the following:

	<u>2014</u>	<u>2013</u>
Building and improvements	\$ 1,088,668	\$ 1,472,865
Furniture and equipment	469,493	554,812
	1,558,161	2,027,677
Less: Accumulated depreciation	1,185,985	1,545,141
	<u>\$ 372,176</u>	<u>\$ 482,536</u>

Assets recorded under capital leases at December 31, 2014 and 2013 amounted to \$34,023 and \$14,044, respectively. Accumulated depreciation related to the capital leases at December 31, 2014 and 2013 amounted to \$6,814 and \$2,341, respectively.

Depreciation expense for the years ended December 31, 2014 and 2013 amounted to \$59,149 and \$66,559, respectively.

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Notes To Financial Statements (*Continued*)

7. Pension Plan

The Organization has a retirement plan established under the auspices of the United Church of Christ Lay Workers Pension Plan (the Plan), which covers substantially all of its full-time employees. The Organization contributes from 3% to 12.5% of the participating employees' gross salaries based on their levels of employment. The Organization's contribution to the plan was \$17,419 and \$19,343 for the years ended December 31, 2014 and 2013, respectively.

8. Health Reimbursement Arrangement

Effective November 1, 2010, the Organization amended the health reimbursement arrangement and increased annual limits to \$1,500 per eligible employee. Effective November 1, 2011, the Organization established a new health reimbursement arrangement for health and medical benefits for eligible employees. The Organization reimburses employees for eligible medical expenses exceeding \$1,000 and up to \$5,000 per eligible employee. All known and expected claims were recorded at December 31, 2014.

9. Commitments And Contingencies

The Organization leases facility for its administrative office and a copier under an operating lease. Rent expenses for these leases for the years ended December 31, 2014 and 2013 amounted to \$36,767 and \$31,221, respectively.

At December 31, 2014, future minimum lease payments were as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 5,681
2014	947
2015	37,089
2016	38,493
2017	22,932
	<u>\$ 105,142</u>

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Notes To Financial Statements (*Continued*)

10. Concentrations

Approximately 73% and 68% of the Organization's total revenue was generated from three agencies in 2014 and 2013, respectively.

11. Long-Term Debt

In April 2010, the Organization entered into a long-term note payable agreement with Illinois Facility Fund, a not-for-profit organization. The note payable provides for a total commitment of \$207,900, is secured by the Organization's Caroline Mission facility and requires monthly installments of principal and interest at rates initiating at 5.875%, subject to recalculation in 2015 and 2020, with minimum rates of 5.5% and 5.0%, respectively. Monthly principal and interest payments of \$1,091 began on May 1, 2012. All outstanding principal and interest are due at maturity in June 2025. Scheduled maturities are as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 6,712
2016	7,118
2017	7,548
2018	8,003
2019	8,505
Thereafter	76,938
	<u>114,824</u>
Less: Current maturities	<u>6,712</u>
	<u>\$ 108,112</u>

The Organization has entered into capital leases for which principal and interest are payable in monthly installments.

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Notes To Financial Statements (*Continued*)

The future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2014 are as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 8,660
2016	5,061
2017	5,061
2018	5,061
2019	3,373
	<u>27,216</u>
Less: Amount representing interest	4,999
Present value	<u>22,217</u>
Less: Current maturities	<u>6,658</u>
	<u><u>\$ 15,559</u></u>

12. Net Assets

Temporarily restricted net assets are subject to the following donor-imposed restrictions:

	<u>2014</u>	<u>2013</u>
Time restricted	\$ 627,224	\$ 662,117
Purpose restricted	129,774	141,213
	<u>\$ 756,998</u>	<u>\$ 803,330</u>

Net assets were released from donor-imposed restrictions by expiration of time or by incurring expenses satisfying the restricted purposes as follows:

	<u>2014</u>	<u>2013</u>
United Way time restriction met	\$ 702,462	\$ 716,563
Other time/purpose restrictions met	208,561	161,382
	<u>\$ 911,023</u>	<u>\$ 877,945</u>

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Notes To Financial Statements (*Continued*)

During 2013, funds amounting to \$85,393 that had been previously held as a board designated investment were reclassified as assets temporarily restricted (specifically, to provide assistance to individuals in the future) based on a clarification of intent provided by the original donors.

13. Supplemental Cash Flow Information

In 2014, the Organization entered into a capital lease for equipment. The gross amount of the assets recorded under the capital lease during 2014 was \$19,981.

During 2014, the Organization sold property in exchange for cash and a note receivable. The note receivable was paid in full during 2014 after the original transaction.