

BOYS AND GIRLS CLUB OF
ASSABET VALLEY, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011
(WITH COMPARATIVE AMOUNTS FOR 2010)

BOYS AND GIRLS CLUB OF ASSABET VALLEY, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2011
(WITH COMPARATIVE AMOUNTS FOR 2010)**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Boys and Girls Club of Assabet Valley, Inc.
Maynard, MA 01754

We have audited the accompanying statement of financial position of Boys and Girls Club of Assabet Valley, Inc. (a non-profit organization) as of December 31, 2011, 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 audit. The prior year summarized comparative information has been derived from the Organization's 2010 financial statements and, in our accountant's review report dated September 30, 2011, we stated that we were not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

We conducted our audit 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 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 audit provides 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 Boys and Girls Club of Assabet Valley, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Vocatura, Spagnuolo & Company P.C.

Vocatura, Spagnuolo & Company, P.C.
Waltham, Massachusetts
September 26, 2012

BOYS AND GIRLS CLUB OF ASSABET VALLEY, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2011 (WITH COMPARATIVE AMOUNTS FOR 2010)

	<u>ASSETS</u>	
	<u>2011</u> <u>(Audited)</u>	<u>2010</u> <u>(Reviewed)</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 80,756	\$ 14,416
Unconditional promises to give, current	33,604	14,855
Prepaid expenses	<u>1,870</u>	<u>1,781</u>
Total Current Assets	<u>116,230</u>	<u>31,052</u>
PROPERTY AND EQUIPMENT:		
Property and equipment	437,425	426,962
Less: Accumulated depreciation	<u>280,796</u>	<u>268,747</u>
Net Property and Equipment	<u>156,629</u>	<u>158,215</u>
TOTAL ASSETS	<u>\$ 272,859</u>	<u>\$ 189,267</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ <u>10,118</u>	\$ <u>17,285</u>
TOTAL CURRENT LIABILITIES	<u>10,118</u>	<u>17,285</u>
NET ASSETS:		
Unrestricted	114,593	19,687
Temporarily restricted	2,138	2,138
Permanently restricted	<u>146,010</u>	<u>150,157</u>
TOTAL NET ASSETS	<u>262,741</u>	<u>171,982</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 272,859</u>	<u>\$ 189,267</u>

The accompanying notes are an integral part of these financial statements.

BOYS AND GIRLS CLUB OF ASSABET VALLEY, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2011
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 (Audited)</u>	<u>2010 (Reviewed)</u>
PUBLIC SUPPORT AND REVENUE:					
PUBLIC SUPPORT:					
Grants	\$ 160,794	\$ -	\$ -	\$ 160,794	\$ 115,903
Contributions	38,884	-	-	38,884	8,037
Special events	31,595	-	-	31,595	25,049
Membership dues	8,536	-	-	8,536	3,218
Total Public Support	<u>239,809</u>	<u>-</u>	<u>-</u>	<u>239,809</u>	<u>152,207</u>
REVENUE:					
Program service fees	107,401	-	-	107,401	44,515
Interest income	61	-	-	61	33
Net vending income	858	-	-	858	852
Total Revenue	<u>108,320</u>	<u>-</u>	<u>-</u>	<u>108,320</u>	<u>45,400</u>
Net assets released from restriction	<u>(3,921)</u>	<u>-</u>	<u>3,921</u>	<u>-</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>344,208</u>	<u>-</u>	<u>3,921</u>	<u>348,129</u>	<u>197,607</u>
FUNCTIONAL EXPENSES:					
PROGRAM SERVICES:					
After-school program	92,380	-	2,421	94,801	81,475
Summer and vacation program	58,092	-	2,421	60,513	44,013
Girls program	8,721	-	1,210	9,931	8,949
Teen program	9,456	-	2,016	11,472	17,539
Special events	19,137	-	-	19,137	15,490
Total Program Services	<u>187,786</u>	<u>-</u>	<u>8,068</u>	<u>195,854</u>	<u>167,466</u>
SUPPORTING SERVICES:					
Management and general	44,134	-	-	44,134	29,077
Fundraising	17,382	-	-	17,382	9,754
Total Supporting Services	<u>61,516</u>	<u>-</u>	<u>-</u>	<u>61,516</u>	<u>38,831</u>
Total Functional Expenses	<u>249,302</u>	<u>-</u>	<u>8,068</u>	<u>257,370</u>	<u>206,297</u>
CHANGE IN NET ASSETS	94,906	-	(4,147)	90,759	(8,690)
Net Assets, Beginning of Year	<u>19,687</u>	<u>2,138</u>	<u>150,157</u>	<u>171,982</u>	<u>180,672</u>
NET ASSETS, END OF YEAR	<u>\$ 114,593</u>	<u>\$ 2,138</u>	<u>\$ 146,010</u>	<u>\$ 262,741</u>	<u>\$ 171,982</u>

The accompanying notes are an integral part of these financial statements.

BOYS AND GIRLS CLUB OF ASSABET VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2011 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2010)

	PROGRAM SERVICES							SUPPORTING SERVICES			2010 (Reviewed) Total Expenses
	After-School Program	Summer and Vacation Program	Girls Program	Teen Program	Special Events	Total Program Services	Management and General	Fundraising	Total Supporting Services	2011 (Audited) Total Expenses	
Personnel expenses:											
Salaries and wages	\$ 48,774	\$ 29,871	\$ 4,244	\$ 3,568	\$ 6,770	\$ 93,227	\$ 25,374	\$ 9,594	\$ 34,968	\$ 128,195	\$ 105,977
Payroll taxes and benefits	8,640	5,292	752	632	1,199	16,515	5,112	1,083	6,195	22,710	26,035
Total Personnel Expenses	57,414	35,163	4,996	4,200	7,969	109,742	30,486	10,677	41,163	150,905	132,012
Operating expenses:											
Program expenses	14,755	13,115	1,639	3,279	-	32,788	-	-	-	32,788	12,725
Depreciation:											
Building and improvements	2,421	2,421	1,210	2,016	-	8,068	-	-	-	8,068	8,395
Equipment	697	697	299	299	-	1,992	1,790	199	1,989	3,981	2,875
Special events	-	-	-	-	11,168	11,168	-	-	-	11,168	7,990
Utilities	4,312	1,960	784	784	-	7,840	1,038	346	1,384	9,224	12,484
Insurance	3,468	3,468	385	385	-	7,706	771	86	857	8,563	7,526
Fees and licenses	7,857	-	-	-	-	7,857	-	-	-	7,857	7,568
Repairs and maintenance	2,368	2,367	263	263	-	5,261	1,315	-	1,315	6,576	2,191
Professional fees	878	878	98	98	-	1,952	4,093	455	4,548	6,500	4,500
Office supplies and expenses	433	325	217	108	-	1,083	3,897	433	4,330	5,413	4,885
Campaign expenses	-	-	-	-	-	-	-	5,000	5,000	5,000	-
Telephone	198	119	40	40	-	397	744	186	930	1,327	3,146
Total Operating Expenses	37,387	25,350	4,935	7,272	11,168	86,112	13,648	6,705	20,353	106,465	74,285
TOTAL FUNCTIONAL EXPENSES	\$ 94,801	\$ 60,513	\$ 9,931	\$ 11,472	\$ 19,137	\$ 195,854	\$ 44,134	\$ 17,382	\$ 61,516	\$ 257,370	\$ 206,297

The accompanying notes are an integral part of these financial statements.

BOYS AND GIRLS CLUB OF ASSABET VALLEY, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011 (WITH COMPARATIVE AMOUNTS FOR 2010)

	<u>2011</u> <u>(Audited)</u>	<u>2010</u> <u>(Reviewed)</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 90,759	\$ (8,690)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	12,049	11,270
(Increase) decrease in:		
Unconditional promises to give	(18,749)	(10,145)
Prepaid expenses	(89)	4,415
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>(7,167)</u>	<u>(2,213)</u>
Net Cash Used by Operating Activities	<u>76,803</u>	<u>(5,363)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(10,463)</u>	<u>(2,862)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>(10,463)</u>	<u>(2,862)</u>
NET DECREASE IN CASH	66,340	(8,225)
Cash, Beginning of Year	<u>14,416</u>	<u>22,641</u>
CASH, END OF YEAR	<u>\$ 80,756</u>	<u>\$ 14,416</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

BOYS AND GIRLS CLUB OF ASSABET VALLEY, INC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 1 - NATURE OF ACTIVITIES

The Boys and Girls Club of Assabet Valley, Inc., (the Organization) was organized under the laws of the Commonwealth of Massachusetts in 1969 as a non-profit organization. Its primary purpose is to provide educational, cultural, recreational and other related charitable activities on behalf of the youth of the Assabet Valley area.

The Organization obtains the majority of its support and revenue from grants, special fundraising events, and program service fees for use of the facility by the youth of the Assabet Valley area.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting as prescribed under generally accepted accounting principles in the United States of America.

Basis of Financial Presentation

The financial statements of the Organization have been prepared utilizing the Accounting Standards Codification (ASC) 958, "Accounting for Not-for-Profit Organizations"

ASC 958 requires that unconditional promises to give (pledges) be recorded as receivables and revenues at the time the pledge is received, and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. It also establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories (unrestricted, temporarily restricted and permanently restricted) according to externally (donor) imposed restrictions. A description of the three net asset categories follows:

Unrestricted net assets include (1) support for which no donor restriction has been imposed or for which the donor-imposed restriction has been met in the same reporting period and (2) the excess of revenues over expenses resulting from the Organization's operations.

Temporarily restricted net assets consist of all support received or receivable, which are either purpose-restricted or time-restricted by donors.

Permanently restricted net assets result from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

BOYS AND GIRLS CLUB OF ASSABET VALLEY, INC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Financial Presentation (Continued)

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

The accompanying financial statements include certain 2010 comparative information. With respect to the statement of activities, such prior year information is not presented by net asset class. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

The Board of Directors and the management of the Organization acknowledge that, to the best of their ability, all assets received have been used for the purpose for which they were contributed, or have been accumulated to allow management to conduct the operations of the Organization as effectively and efficiently as possible.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions

The Organization recognizes contribution revenue when an unconditional pledge is made or when cash is received if a pledge was not made. Contributions received are reported as unrestricted, temporarily restricted, or permanently restricted, based on donor intent.

Reclassifications

Certain amounts in the 2010 information have been reclassified for comparative purposes conform with the presentation in the 2011 financial statements.

BOYS AND GIRLS CLUB OF ASSABET VALLEY, INC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Cash and Cash Equivalents

The Organization considers all money market funds and highly liquid investments with maturity dates of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Property and Equipment

Property and equipment are carried at cost. Acquisitions of property and equipment in excess of \$500 are capitalized. Maintenance, repairs and renewals that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Gains or losses on dispositions of property and equipment, if any, are included in the statement of activities.

Depreciation and amortization of property and equipment are provided using both straight-line and accelerated methods over the following estimated useful lives:

	<u>Years</u>
Building	40
Building improvements	10
Equipment	5-7

Income Taxes

The Organization is a non-profit corporation and qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the Organization's financial statements.

Functional Classification of Expenses

The Organization allocates its expenses on a functional basis among its various programs including fundraising activities and support services. Expenses and support services that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several programs are allocated based on various relationships.

BOYS AND GIRLS CLUB OF ASSABET VALLEY, INC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Date of Management's Review:

Subsequent events have been evaluated through September 26, 2012, which is the date the financial statements were available to be issued.

NOTE 3 - UNCONDITIONAL PROMISES TO GIVE:

The total receivable of unconditional promises to give amount to \$33,604 and \$14,855 as of December 31, 2011 and 2010, respectively. Unconditional promises to give that are receivable in less than one year amounted to \$33,604 and \$14,855 as of December 31, 2011 and 2010, respectively. No allowance for doubtful accounts has been provided, as management believes all receivables are currently collectible.

NOTE 4 - PROPERTY AND EQUIPMENT:

The balances of the major classes of depreciable and non-depreciable assets consist of the following at December 31, 2011 and 2010, respectively:

	<u>2011</u>	<u>2010</u>
Building	\$230,000	\$230,000
Land	100,000	100,000
Equipment	41,809	35,267
Building improvements	<u>65,616</u>	<u>61,695</u>
Total	<u>\$437,425</u>	<u>\$426,962</u>

Accumulated depreciation consists of the following at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Building	\$190,229	\$184,479
Equipment	31,190	27,209
Building improvements	<u>59,377</u>	<u>57,059</u>
Total	<u>\$280,796</u>	<u>\$268,747</u>

Depreciation expense for the years ended December 31, 2011 and 2010 amounted to \$12,049 and \$11,270, respectively.

BOYS AND GIRLS CLUB OF ASSABET VALLEY, INC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

(Continued)

NOTE 5 - RESTRICTIONS ON BUILDING AND LAND:

The building and land owned by the Organization were originally obtained in 1976. The property is subject to various restrictions imposed by the Town of Maynard that include use of the property solely for the charitable and fundraising purposes of the Organization, and limitations on both encumbrances and the ability to sublet the property. In addition, the Town of Maynard retains a right of first refusal to purchase the property in the event of any proposed sale, conveyance, transfer or other disposition of the property. The organization considers the building, land and building improvements, net of accumulated depreciation to permanently restricted net assets.

NOTE 6 – CONCENTRATIONS OF CREDIT RISK:

The Organization has a concentration of credit risk with respect to unconditional promises to give from two donors who were in excess of 10% of the total unconditional promises to give balance at December 31, 2011. The donors' balances amounted to \$33,604, or 100% of the total unconditional promises to give balance at December 31, 2011.

The Organization has a concentration of credit risk with respect to unconditional promises to give from a donor who was in excess of 10% of the total unconditional promises to give balance at December 31, 2010. The donors' balances amounted to \$14,855, or 100% of the total unconditional promises to give balance at December 31, 2010.

The Organization maintains checking and savings accounts at two financial institutions. The Federal Deposit Insurance Corporation insures certain account balances up to \$250,000 as of December 31, 2011 and 2010, respectively. The Organization's cash balances in these accounts were fully insured during the years 2011 and 2010.

NOTE 7 – DONATED SERVICES AND ASSETS:

The Organization receives contributed services from its officers, directors, and various unrelated third parties. Due to the difficulty in determining the fair value of these services, the accompanying financial statements do not include a revenue or expense provision for these donated services.

BOYS AND GIRLS CLUB OF ASSABET VALLEY, INC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

(Continued)

NOTE 8 – REVENUES FROM MAJOR PROGRAM:

The Organization as part of its programs offers a summer camp. Revenues generated from this program accounted for 17% and 14% of the total public support and revenues of the Organization for the years ended December 31, 2011 and 2010, respectively.

NOTE 9 - PENSION PLAN:

Effective January 1, 2003, the Organization subscribed to the Boys & Girls Clubs of America Pension Plan and Trust. Under the plan, all employees who have attained 21 years of age and have one year of service will be eligible to participate in the plan. Participants will fully vest in their pension benefit after three years of service. All contributions to the plan will be made by the Organization in quarterly installments and consist of 10% of each eligible participant's compensation. The Organization's plan contributions and administrative fees included in payroll taxes and benefits on the Statement of Functional expenses for the years ended December 31, 2011 and 2010 amounted to \$575 and \$6,816, respectively.