Arlington Boys & Girls Club, Inc.
Financial Statements
December 31, 2009 and 2008

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To the Board of Directors of
Arlington Boys & Girls Club, Inc.:

Independent Auditor's Report

We have audited the accompanying statements of financial position of Arlington Boys & Girls Club, Inc. (a nonprofit organization) as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the period 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.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the 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 Arlington Boys & Girls Club, Inc. as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2010, on our consideration of Arlington Boys & Girls Club, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

McLarney & Company, L.L.C.

McLarney & Company, L.L.C.
Chelmsford, MA
May 4, 2010

Arlington Boys Girls Club, Inc.
Statement of Financial Position
As of December 31, 2009 and 2008

	Total 2009	Total 2008
ASSETS		
Current Assets:		
Cash & Cash Equivalents (Note A)	$ 425,710	$ 360,764
Certificates of Deposit	508,903	491,183
Accounts Receivable	15,717	8,566
Prepaid Expenses	13,788	7,254
Total Current Assets	964,119	867,767
Property, Plant and Equipment (Note A)		
Property, Plant & Equipment	2,149,222	2,118,337
Less: Accumulated Depreciation	(1,666,081)	(1,632,539)
Net Property, Plant and Equipment	483,141	485,798
Other Assets		
Investments (Notes B & C)	1,479,253	1,277,829
Total Other Assets	1,479,253	1,277,829
Total Assets	$ 2,926,514	$ 2,631,394
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	$ 15,952	$ 12,385
Accrued Liabilities	31,769	25,173
Total Current Liabilities	47,719	37,558
Other Liabilities		
Deferred Compensation (Note J)	97,836	75,836
Total Other Liabilities	97,836	75,836
Total Liabilities	145,555	113,394
Net Assets		
Unrestricted		
Available for operations	761,105	718,558
Board Designated (Note I)	1,997,789	1,783,772
Total Unrestricted	2,758,893	2,502,331
Temporarily Restricted	22,064	15,669
Permanently Restricted	-	-
Total Net Assets	2,780,957	2,518,000
Total Liabilities & Net Assets	$ 2,926,514	$ 2,631,394

Please see accompanying notes to the financial statements.

Arlington Boys Girls Club, Inc.
Statement of Activities and Changes in Net Assets
For the Years Ended December 31, 2009 and 2008

	Unrestricted						
	Operating	Board Designated	Total	Temporarily Restricted	Permanently Restricted	Total 2009	Total 2008
Public Support & Revenues							
Rental Income & Special Fees	$ 1,730,904	$ -	$ 1,730,904	$ -	$ -	$ 1,730,904	$ 1,638,925
Contributions	84,420	-	84,420	(2,617)	-	81,803	94,989
Fundraising-Special Events	107,218	-	107,218	-	-	107,218	111,335
Membership Dues	197,796	-	197,796	-	-	197,796	203,867
Other Income	43,630	-	43,630	-	-	43,630	49,469
United Way	51,976	-	51,976	-	-	51,976	52,067
Investment Income (Notes A & C)	10,906	37,914	48,820	65	-	48,885	71,716
Unrealized Gain (loss) (Notes A & C)	-	200,103	200,103	8,947	-	209,050	(338,852)
Memorial Gifts	18,242	-	18,242	-	-	18,242	4,792
Total Public Support & Revenues	2,245,093	238,017	2,483,108	6,395	-	2,489,503	1,888,308
Expenses:							
Program Services	1,933,891	-	1,933,891	-	-	1,933,891	1,911,748
Management & General	241,295	24,000	265,295	-	-	265,295	261,457
Fundraising	27,359	-	27,359	-	-	27,359	18,679
Total Expenses	2,202,546	24,000	2,226,546	-	-	2,226,546	2,191,884
Increase (Decrease) in Net Assets	$ 42,547	$ 214,017	$ 256,564	$ 6,395	$ -	$ 262,959	$ (303,577)
Net Assets - Beginning of Year	$ 718,558	$ 1,783,772	$ 2,502,331	$ 15,669	$ -	$ 2,518,000	$ 2,821,576
Net Assets - End of Year	$ 761,105	$ 1,997,789	$ 2,758,893	$ 22,064	$ -	$ 2,780,957	$ 2,518,000

Please see accompanying notes to the financial statements.

Arlington Boys Girls Club, Inc.
Statement of Functional Expenses
For the Years Ended December 31, 2009 and 2008

	Program Services	*Management & General*	*Fundraising*	*Total 2009*	*Total 2008*
Functional Expenses:					
Salaries & Wages	$ 1,056,752	$ 140,023	-	$ 1,196,774	$ 1,168,411
Payroll Taxes	77,823	10,312	-	88,135	83,853
Fringe Benefits (Note D)	137,452	22,562	-	160,014	178,276
Professional Fees & Consultants	41,900	13,967	-	55,866	69,952
Insurance	47,731	3,593	-	51,324	46,989
Utilities	100,182	3,098	-	103,281	120,397
Telephone	4,642	633	-	5,275	5,370
Program Expenses	376,154	-	-	376,154	341,469
Staff & Volunteer Training	22,128	-	-	22,128	25,290
Special Events	-	-	27,359	27,359	18,679
Repairs & Maintenance	41,512	-	-	41,512	35,198
Depreciation	23,479	10,063	-	33,542	38,903
Other Administrative Expenses	-	59,667	-	59,667	52,727
Postage Expense	4,135	1,378	-	5,513	6,372
Total Functional Expenses	$ 1,933,891	$ 265,295	$ 27,359	$ 2,226,546	$ 2,191,884

Please see accompanying notes to the financial statements.

Arlington Boys Girls Club, Inc.
Statement of Cash Flows
For the Years Ended December 31, 2009 and 2008

		Total 2009		Total 2008
Cash Flows From Operating Activities				
Increase (Decrease) in Net Assets	$	262,959	$	(303,577)
Adjustments to Reconcile Net Assets To Net Cash Provided by Operating Activities:				
Depreciation (Note A)		33,542		38,903
Increase (decrease) in Accounts Receivable		7,151		8,566
Increase (decrease) in Prepaid Expenses		6,535		4,303
Net unrealized (gains) losses		(185,438)		299,598
(Increase) decrease in Accounts Payable		(3,566)		(12,386)
(Increase) decrease in Accrued Expenses		(6,595)		(25,173)
(Increase) decrease in Deferred Compensation		(22,000)		(31,000)
Net Cash Provided by Operating Activities		129,538		90,614
Cash Flows From Investing Activities				
Purchases of Certificates of Deposit		(17,720)		(54,316)
Purchase of Investments		(15,987)		(47,420)
Purchases of Equipment		(30,885)		(637)
Net Cash Used by Investing Activities		(64,592)		(102,374)
Increase (Decrease) in Cash	$	64,946	$	(11,760)
Cash and Cash Equivalents - Beginning of Year	$	360,764	$	372,524
Cash and Cash Equivalents - End of Year	$	425,710	$	360,764

See Note K For Supplemental Cash Information.

Please see accompanying notes to the financial statements.

ARLINGTON BOYS & GIRLS CLUB, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 and 2008

A. Summary of Significant Accounting Policies:

Nature of activities:
The Arlington Boys & Girls Club, Inc. (the Organization) is a non-profit Organization offering the use of its educational, recreational, and athletic facilities to its members and providing sound scholastic and physical education programs to the young of suburban Arlington and vicinity. The Organization's support comes primarily from special fees and membership dues.

Basis of accounting:
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Advertising costs:
Advertising costs are charged to operations when incurred.

Basis of presentation:
Financial statement presentation follows the recommendations of the Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations.* Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

- Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

- Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

- Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets. The Organization has no permanently restricted net assets.

Contributions:
The Organization also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made," whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of donor restrictions.

All donor-restricted contributions are reported as increases 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.

Contributions which are restricted for use whose restrictions are met in the same reporting period are reflected as unrestricted revenue as permitted by SFAS No. 116.

ARLINGTON BOYS & GIRLS CLUB, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 and 2008

Statements of cash flows:
For purposes of the statements of cash flows, the Organization considers all short-term instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments:
Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value in the statements of financial position in accordance with SFAS 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations". Unrealized gains and losses are reported in the statement of activities. Investment income may be used for operating expenses.

Property, plant and equipment:
Acquisitions of property, plant and equipment in excess of $1,500 are recorded at cost. Donated equipment is recorded at fair value. Depreciation is computed on an accelerated basis over the estimated useful lives of the respective assets generally as follows:

Buildings	15 - 40 Years
Buildings improvements	10 - 39 Years
Equipment	5 - 7 Years
Furniture and fixtures	7 Years

The following table summarizes property, plant and equipment with respective accumulated depreciation.

	2009	2008
Buildings	575,140	575,140
Building Improvements	1,065,718	1,037,842
Equipment	266,824	263,815
Furniture & Fixtures	63,777	63,777
Grants/Nynex	17,064	17,064
Hayden II Pool	67,250	67,250
Hayden Project	81,449	81,449
Total Depreciable Assets	2,137,222	2,106,337
Less: Accumulated Depreciation	(1,666,081)	(1,632,539)
Net Depreciable Assets	471,141	473,798
Land	12,000	12,000
Net Property, Plant & Equipment	$483,141	$485,798

Expenditures for maintenance and repairs are expensed when incurred.

Use of estimates:
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Income taxes:
The Organization is recognized as an Organization exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code whereby only unrelated business income, as defined in Section 512(a)(a) of the Code, is subject to Federal income tax. There was no unrelated business income in either 2009 or 2008.

Prior year summarized comparative 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

Allowance for doubtful accounts
Trade accounts receivable are stated net of an allowance for doubtful accounts. The Organization estimates the allowance based on an analysis of specific customers, taking into consideration the age of past due accounts and an assessment of the customer's ability to pay.

New accounting pronouncements
Effective July 1, 2008, the Organization adopted Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 157 *Fair Value Measurements* (FAS 157). FAS 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and enhances disclosures regarding fair value measurements. FAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) on the measurement date, in the principal or most advantageous market for the asset or liability, and in an orderly transaction between market participants. The effect of adopting FAS 157 is further discussed in note B.

B. Fair value of investment assets and liabilities:
As discussed in *Note A*, in 2008, the Organization adopted FAS 157 and its applicable amendments. FAS 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FAS 157 are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. The level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Investments are considered Level 1 and the Split-Interest Agreement is considered Level 3.

C. Investments:

Investments consisted of the following at December 31, 2009:

	Fidelity Investments 2009		2008	
	Cost	Fair Value	Cost	Fair Value
Common Stocks	102,533	104,344	125,468	102,533
Fidelity Cash Reserves	60,607	60,607	57,249	57,249
Fidelity Diversified Int'l	24	31	43	24
Spartan Advantage Class	269853	199,807	267,107	149,642
Spartan Int'l Advantage	164,026	117,527	161,045	91,445
Spartan Ext. Advantage Class	262,437	204,552	258,771	155,579
Fidelity US Bond Index	630,679	641,308	607,224	602,474
Fidelity Four In One	163,368	129,013	160,633	103,214
Split-Interest Agreement(Note L)	15,669	22,064	25,376	15,669
$	1,669,196	1,479,253	1,662,916	1,277,829

The following tabulation summarizes the relationship between cost and fair value of investments:

2009	Cost	Fair Value	Excess of Cost Over Fair Value
Year ended December 31, 2009:			
Balance at end of year	$1,669,196	$1,479,254	$189,942
Balance at beginning of year	1,662,916	1,263,924	398,992
Decrease in Unrealized Loss			209,050
Realized Loss			-
TOTAL			$209,050

2008	Cost	Fair Value	Excess of Cost Over Fair Value
Year ended December 31, 2008:			
Balance at end of year	$1,662,916	$1,263,924	($398,992)
Balance at beginning of year	1,644,461	1,584,321	(60,140)
Increase in Unrealized Loss			(338,852)
Realized Loss			-
TOTAL			($338,852)

Investment Income consisted of interest income of $10,906 and $22,261 and dividend income of $37,914 and $49,455 for the years ended December 31, 2009 and 2008. Total Investment Income was $48,885 and $71,716 for the years ended December 31, 2009 and 2008.

D. Employee Benefit Plan:

The Organization has a defined contribution money purchase plan covering substantially all employees. Effective January 1, 2003, Arlington Boys & Girls Club annually contributes ten percent of each eligible employee's salary. Plan expenses incurred by the Organization during 2009 and 2008 were $48,270 and $78,388, respectively.

E. Operating Leases:

The Organization leased vehicles under operating leases that expired during June 2009. In October of 2009, the Organization leased 4 new vehicles for 48 months and expire October 2013. Lease expense amounted to $23,546 and $27,258 for the years ended December 31, 2009 and 2008, respectively.

The following is a schedule by years of future minimum rental payments required under these operating leases as of December 31, 2009:

Year ending December 31, 2009	
2010	$25,044
2011	25,044
2012	25,044
2013	18,783
2014 & thereafter	0
Total Minimum Payments Required $	91,915

F. Donated Services:

The Council receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

G. Concentration of Credit Risk:

The Organization maintains its cash balances at financial institutions which are insured by the Federal Deposit Insurance Corporation up to $250,000 at December 31, 2009 and 2008, respectively. Cash at this institution exceed the federally insured limit by $107,137 and $30,149 for the periods ended December 31, 2009 and 2008. The investments are not federally insured. The support of the agency is generated from fees and contributions with a small amount from grants and other contract agencies.

H. Functional Allocation of Expenses:

The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

I. Net Assets:

Unrestricted net assets amounted to $2,758,893 and $2,502,331 at December 31, 2009 and 2008 respectively. The amount classified as Board Designated amounted to $1,997,789 and $1,783,772 at December 31, 2009 and 2008, respectively. These amounts have been designated by Board action for specific purposes.

ARLINGTON BOYS & GIRLS CLUB, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 and 2008

J. Deferred Compensation:

During the year ended December 31, 2009, the Organization entered into a non-qualified deferred compensation arrangement with its Executive Director. Under the terms of the arrangement, the Organization is required to fund $31,000 in 2008 and $22,000 in the year ending December 31, 2009. As of December 31, 2009, the Organization met its obligation under the agreement by transferring the required contribution to a Trust established for the benefit of the Executive Director.
Deferred Compensation expense for 2009 and 2008 was $22,000 and $31,000 respectively. The total amount funded as of 2009 and 2008 was $97,836 and $75,836, respectively.

K. Supplemental Cash Information -Noncash investing activities:

	2009	2008
Gifts of Goods & Service	0	0
Gifts of Equipment	0	0
Gift of Split Interest Agreement	6,395	(10,648)
Interest Paid	0	0
Capitalized Interest	0	0
Taxes Paid	0	0

L. Split - Interest Agreements

Split- Interest agreement investments (SIA) assets are invested primarily in publicly traded securities, and managed by Fidelity Management Company's portfolio advisory services. These assets are recorded at fair market value as discussed in Note B. The publicly traded securities are included as Level 3. Associated liabilities are recorded at the present value of estimated future payments due to beneficiaries. These liabilities were calculated using discount factors.

Temporarily Restricted Assets

	2009	2008
Investment Return:		
Investment Income	$65	$1,218
Change in Realized & Unrealized Appreciation	8,947	(27,535)
Total Investment Return	9,012	(26,317)
Total Split Interest Agreement - Net Assets beginning of the year	15,669	0
Total Split Interest Agreement - Net Assets end of the year	$22,064	$15,669

Split - interest agreement net assets as of June 30, 2009 and June 30, 2008 consisted of the following:

Split-interest agreements (Note C)	2009	2008
Charitable remainder trust	$51,474	$42,462
Less: Amounts due to beneficiaries	29,410	26,793
Total Split interest agreement	$22,064	$15,669

M. Restatement of Financial Statements:

The Organization is a beneficiary in a split-interest agreement described in Note L. The terms of the Charitable Remainder Trust dated May 14, 2002 were not originally disclosed to the Organization. We have adjusted the beginning net assets in our financial statements as a contribution. The inclusions of these transactions included an increase to income of $22,064 and $15,669 for the years ended December 31, 2009 and 2008, respectively.

N. Subsequent Events

The Organization has evaluated all subsequent events through May 4, 2010, the day the financials were available to be issued. There were no subsequent events noted.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors of the Arlington Boys & Girls Club, Inc.:

We have audited the financial statements of The Arlington Boys & Girls Club, Inc., as of and for the period ended December 31, 2009, and have issued our report thereon dated May 4, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered The Arlington Boys & Girls Club, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Arlington Boys & Girls Club, Inc's., financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. This report is intended solely for the information and use of management, others within the organization, and Commonwealth of Massachusetts and is not intended to be and should not be used by anyone other than these specified parties.

McLarney & Company, L.L.C.

McLarney & Company, L.L.C.
Chelmsford, MA.
May 4, 2010