

BOYS & GIRLS CLUBS OF METRO WEST, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2009

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Independent Auditors' Report

To the Board of Directors
Boys & Girls Clubs of Metro West, Inc.
Marlboro, Massachusetts

We have audited the accompanying statement of financial position of Boys & Girls Clubs of Metro West, Inc. (a non-profit organization) as of December 31, 2009 and the related statements of activities, functional expenses and cash flows for 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.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable in Government Auditing Standards, issued by the Comptroller General of 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 & Girls Clubs of Metro West, Inc. as of December 31, 2009 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.

In accordance with Government Auditing Standards, we have also issued our report dated August 17, 2010, on our consideration of Boys & Girls Clubs of Metro West, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

August 17, 2010

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BOYS & GIRLS CLUBS OF METRO WEST, INC.
Marlboro, Massachusetts

Statement of Financial Position
December 31, 2009

ASSETS

Current Assets:			
Cash	-Undesignated	\$ 42,010.	
	-Designated	<u>17,000.</u>	\$ 59,010.
Investments	-Designated	324,241.	
	- Restricted	<u>270,653.</u>	594,894.
Grant receivable			250,511.
Accounts receivable			32,879.
Prepaid expenses			<u>19,473.</u>
Total current assets			956,767.
Fixed Assets:			
Construction in progress		1,788.	
Real estate		2,806,090.	
Equipment and furnishings		608,064.	
Leasehold improvements		308,804.	
Motor vehicles		<u>114,992.</u>	
		3,839,738.	
Less: accumulated depreciation		<u>(1,735,678.)</u>	
Net fixed assets			2,104,060.
Other Assets:			
Software		100,814.	
Deferred loan fees		<u>10,566.</u>	
		111,380.	
Less: accumulated amortization		<u>(2,860.)</u>	
Net other assets			<u>108,520.</u>
TOTAL ASSETS			<u>\$3,169,347.</u>
<u>LIABILITIES AND NET ASSETS</u>			
Current Liabilities:			
Accounts payable and accrued expenses			\$ 248,043.
Accrued payroll and related taxes			40,242
Note payable - current portion			20,424.
Other liabilities			<u>(7,408.)</u>
Total current liabilities			<u>301,301.</u>
Long term Liabilities:			
Note payable - long term			<u>755,860.</u>
Total long term liabilities			<u>755,860.</u>
Net Assets:			
Unrestricted net assets			
Operations		(922,072.)	
Fixed assets		2,104,060.	
Board designated		<u>341,241.</u>	
Total unrestricted net assets			1,523,229.
Temporarily restricted net assets		318,304.	
Permanently restricted net assets		270,653.	
Total net assets			<u>2,112,186.</u>
TOTAL LIABILITIES AND NET ASSETS			<u>\$3,169,347.</u>

The accompanying notes are an integral part of these financial statements

BOYS & GIRLS CLUBS OF METRO WEST, INC.
Marlboro, Massachusetts

Statement of Activities
For the Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>				
Support:				
United Way funding	\$ 9,667.	\$236,761.		\$ 246,428.
Contributions & other grants	142,535.	530,259.		672,794.
Capital campaign		<u>108,000.</u>		<u>108,000.</u>
Total support	<u>152,202.</u>	<u>875,020.</u>	<u>0.</u>	<u>1,027,222.</u>
Revenue:				
Program income	780,847.			780,847.
Fund raising (net of direct expenses)				
Donations	13,378.			13,378.
Special events - \$(30,131)	148,398.			148,398.
Rental Income	62,107.			62,107.
Investment income				
Interest and dividends	724.			724.
Investment gains (losses)	89,987.		\$ 68,533.	158,520.
Loss on lease termination	(2,838.)			(2,838.)
Miscellaneous revenue	<u>19,127.</u>			<u>19,127.</u>
Total revenue	<u>1,111,730.</u>	<u>0.</u>	<u>68,533.</u>	<u>1,180,263.</u>
Net assets, released from restrictions:				
Expiration of time restrictions on United Way funding	236,761.	(236,761.)		0.
Restrictions satisfied/transfers	<u>662,121.</u>	<u>(611,552.)</u>	<u>(50,569.)</u>	<u>0.</u>
Total net assets released from restrictions/transfers	<u>898,882.</u>	<u>(848,313.)</u>	<u>(50,659.)</u>	<u>0.</u>
Total support, revenue and reclassifications/transfers	<u>2,162,814.</u>	<u>26,707.</u>	<u>17,964.</u>	<u>2,207,485.</u>
<u>EXPENSES</u>				
Program services:				
Education	883,680.			883,680.
Recreation, outreach	<u>883,265.</u>			<u>883,265.</u>
Total program services	<u>1,766,945.</u>	<u>0.</u>	<u>0.</u>	<u>1,766,945.</u>
Support services:				
Management and general	249,817.			249,817.
Fundraising	<u>225,243.</u>			<u>225,243.</u>
Total support services	<u>475,060.</u>	<u>0.</u>	<u>0.</u>	<u>475,060.</u>
Total expenses	<u>2,242,002.</u>	<u>0.</u>	<u>0.</u>	<u>2,242,002.</u>
CHANGE IN NET ASSETS	(79,188.)	26,707.	17,964.	(34,517.)
NET ASSETS, JANUARY 1, 2009	<u>1,602,417.</u>	<u>291,597.</u>	<u>252,689.</u>	<u>2,146,703.</u>
NET ASSETS, DECEMBER 31, 2009	<u>\$1,523,229.</u>	<u>\$318,304.</u>	<u>\$270,653.</u>	<u>\$2,112,186.</u>

The accompanying notes are an integral part of these financial statements

BOYS & GIRLS CLUBS OF METRO WEST, INC.
Marlboro, Massachusetts

Statement of Functional Expenses

For the Year Ended December 31, 2009

<u>Expense:</u>	<u>PROGRAMS</u>			<u>SUPPORT</u>			<u>Total</u>
	<u>Recreation</u>	<u>Education</u>	<u>Total</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>	
Payroll/Benefits	\$584,344.	\$595,219.	\$1,179,564.	\$192,739.	\$166,857.	\$359,597.	\$1,539,160.
Program expenses	89,396.	64,735.	154,131.				154,131.
Transportation	46,128.	33,014.	79,142.				79,142.
Administrative	28,207.	31,021.	59,228.	32,164.	8,287.	40,452.	99,680.
Building occupancy	67,944.	75,676.	143,620.	16,922.	4,064.	20,986.	164,606.
Technology	5,494.	6,795.	12,290.	1,735.	434.	2,169.	14,458.
Miscellaneous	9,515.	11,629.	21,144.	4.		4.	21,148.
Interest expense	2,339.	2,923.	5,262.	585.		585.	5,847.
Capital Campaign					45,599.	45,599.	45,599.
Depreciation/Amortization	50,313.	50,313.	100,626.	5,293.		5,293.	105,919.
Bad debts				375.		375.	375.
Members expenses		11,937.	11,937.				11,937.
	<u>\$883,680.</u>	<u>\$883,265.</u>	<u>\$1,766,945.</u>	<u>\$249,817.</u>	<u>\$225,243.</u>	<u>\$475,060.</u>	<u>\$2,242,002.</u>

The accompanying notes are an integral part of these financial statements

BOYS & GIRLS CLUBS OF METRO WEST, INC.
Marlboro, Massachusetts

Statement of Cash Flows

For the Year Ended December 31, 2009

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:

Change in net assets	\$ (34,517.)
Adjustments to reconcile change in net assets to net cash used for operating activities:	
Depreciation and amortization	105,920.
Unrealized gain on marketable securities	(158,519.)
Increase in grants, pledges, accounts receivable	(33,077.)
Decrease in prepaid expenses/other assets	2,990.
Decrease in accounts payable and accrued expenses	(2,315.)
Increase in accrued payroll and related taxes	332.
Decrease in other liabilities	(972.)
Decrease in allowance for bad debts	<u>(6,614.)</u>
Net cash used for operating activities	<u>(126,772.)</u>

CASH FLOWS USED FOR INVESTING ACTIVITIES:

Increase in building improvements	(2,200.)
Proceeds from sale of marketable securities	160,569.
Increase in construction progress	<u>(6,801.)</u>
Net cash provided by investing activities	<u>151,568.</u>

CASH FLOWS USED FOR FINANCING ACTIVITIES:

Decrease in long term debt	<u>(20,395.)</u>
Net cash used for financing activities	<u>(20,395.)</u>
NET INCREASE IN CASH	4,401.
CASH – JANUARY 1, 2009	<u>54,609.</u>
CASH – DECEMBER 31, 2009	<u>\$ 59,010.</u>

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

BOYS & GIRLS CLUBS OF METRO WEST, INC.
Marlboro, Massachusetts

Notes to Financial Statements
December 31, 2009

Note A: Summary of Significant Accounting Policies

(a) Nature of Activities

Boys & Girls Clubs of Metro West, Inc. is a non-profit organization whose mission is to utilize community resources to provide educational, physical and cultural programming to enhance the development of youth.

The organization was incorporated on January 1, 2000, the result of a merger between three non-profit entities: Boys and Girls Clubs of Greater Marlboro, Hudson Youth Center, Inc., and Boys and Girls Clubs of Hudson, Inc.

(b) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported 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 may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they may be maintained permanently by the Organization. This basis of presentation is from the Organization's adoption of Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for - Profit Organizations."

Accordingly, the Organization is required to report information regarding its financial position and activities according to the aforementioned three classes of net assets. In addition, the Organization is required to present a statement of cash flows. As permitted by SFAS No. 117, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present classes of net assets.

BOYS & GIRLS CLUBS OF METRO WEST, INC.
Marlboro, Massachusetts

Notes to Financial Statements (Continued)
December 31, 2009

Note A: Summary of Significant Accounting Policies (Continued)

(c) Contributions

Boys & Girls Clubs of Metro West, Inc. also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made". In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. The Organization has received contributions with donor-imposed restrictions that resulted in temporarily restricted net assets at December 31, 2009.

(d) Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Management has adjusted all promises to give for any uncollectible amounts.

All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

(e) Contributed Services

During the year ended December 31, 2009, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization.

(f) Fixed Assets

Fixed assets are stated at cost. Donated property and equipment (gifts-in-kind) are stated at fair market value as of the date of donation. Expenditures for maintenance, repairs and renewals are charged to expense as incurred whereas major betterments are capitalized as additions to fixed assets. Depreciation is computed using the straight-line method amortized over the estimated useful life of the assets. Depreciation expense for the year totaled \$100,759

Amortization expense of software and deferred financing costs was \$5,160 in 2009. Software is amortized over 60 months.

BOYS & GIRLS CLUBS OF METRO WEST, INC.
Marlboro, Massachusetts

Notes to Financial Statements (continued)
December 31, 2009

Note A: Summary of Significant Accounting Policies (continued)

Estimated useful lives are as follows:

Real estate	10 - 40 years
Equipment and furnishings	5 - 10 years
Transportation equipment	5 years

Construction in progress - is the accumulation of renovation costs in connection with a new leased facility in Framingham, Massachusetts.

(g) Investments

The Organization has adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 124 "Accounting for Certain Investments Held by Not For Profit Organizations". SFAS No. 124 requires the entity to carry investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position, and to include unrealized gains and losses in the statements of activities.

Unrealized net gain on investments for the year ended December 31, 2009 was \$158,520.

(h) Income Taxes

The Organization is exempt from Federal income taxes under Internal Revenue Code Section 501 (c) (3) and therefore has made no provision for Federal income taxes. In addition, the Organization has been determined by the Internal Revenue Service to be an "exempt private organization" within the meaning of Section 509 (a) of the Code and is subject to excise taxes. The Organization has no excise or unrelated business income.

(i) Functional Allocation of Expenses

The costs of providing the Organization's various programs and supporting services 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.

BOYS & GIRLS CLUBS OF METRO WEST, INC.
Marlboro, Massachusetts

Notes to Financial Statements (continued)
December 31, 2009

Note A: Summary of Significant Accounting Policies (continued)

(j) 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(k) Deferred Loan Fees

Loan fees incurred in connection with the long-term financing are being amortized over the related debt agreement.

(l) Allowance for Doubtful Pledges

The organization has not recorded an allowance for uncollectible receivable at December 31, 2009. Management has determined that all receivables are fully collectible.

(m) Other Liabilities

Due to cash flow shortages near the end of 2009 the organization was forced to borrow from Capital Campaign Restricted cash the sum of \$7,408 to pay for general operating expenses. These funds will be repaid to the Capital Campaign bank account in 2010.

BOYS & GIRLS CLUBS OF METRO WEST, INC.
Marlboro, Massachusetts

Notes to Financial Statements (continued)
December 31, 2009

Note B: Promise to Give

Unconditional promise to give consists of a grant received for year the 2009 from the United Way of Tri-County. An analysis of the grant is as follows:

General allocation	\$236,761.
Less: Partial receipt of grant	<u>118,381.</u>
Balance due December 31, 2009	<u>\$118,380.</u>

The above balance reflects the general allocation only and it is expected to be fully collectible.

Note C: Scholarship Fund

D. J. Hannagan Scholarship Fund

This fund was established for the purpose of awarding an annual \$1,000 scholarship to a needy and deserving student from Marlboro High School who is graduating and intends to continue education beyond the high school level. The balance of the fund totaled \$17,000 at December 31, 2009 and is invested at the St. Mary's Credit Union in a term deposit certificate.

The Organization has adopted a Scholarship Award Program whereby recipients receive a \$1,000 award.

Note D: Temporarily Restricted Net Assets

Temporarily restricted net assets are available for following purposes or periods:

For teen outreach-recreation, child development and physical education activities	\$ 68,373.
United Way – allocation/donor designated	118,381.
Corporate grants	<u>131,550.</u>
	<u>\$318,304.</u>

BOYS & GIRLS CLUBS OF METRO WEST, INC.
Marlboro, Massachusetts

Notes to Financial Statements (continued)
December 31, 2009

Note E: Investments – Board Designated

Investments owned as of December 31, 2009 consist of the following:

Fidelity Investments:

Mutual Funds – Equity Growth	\$130,742.	40.3%
Fixed Income	141,123.	43.5%
International	<u>52,376.</u>	<u>16.2%</u>
	<u>\$324,241.</u>	<u>100.0%</u>

The organization does not maintain a policy for custodial credit risk, interest rate risk, foreign currency risk and concentration of credit risk.

Note F: Long Term Debt

Note payable to Hudson Savings Bank dated October 29, 2004. This is a commercial construction permanent loan with a term of 25 years at an interest rate of 5.75% fixed for the life of the loan. The loan is interest only for the first 24 months with principal payments based upon a 25 year amortization beginning with the 25th month.

The loan is collateralized with a first priority mortgage on the real estate at #71 and #21 Church Street, Hudson, Massachusetts. The balance outstanding at December 31, 2009 is as follows.

Current	\$ 20,424.
Long term	<u>755,860.</u>
Total	<u>\$776,284.</u>

Note G: Pension Plan

The Organization has established a pension trust plan as an affiliate of the “Boys and Girls Clubs of America Pension Plan.” The plan covers all qualified employees. Under provisions of the plan, the employer contributes 5% of employee compensation with 100% vesting scaled over 6 years after eligibility requirements are met.

Total employee pension costs charged to expense amounted to \$42,038 for the year ended December 31, 2009. All payments are funded quarterly with the plan trustee.

BOYS & GIRLS CLUBS OF METRO WEST, INC.
Marlboro, Massachusetts

Notes to Financial Statements (continued)
December 31, 2009

Note H: Reardon Trust – Restricted Investments

The Reardon Trust established December 29, 1988 is a permanently restricted endowment. The net investment income earned each year is unrestricted and may be used to provide for operating capital, reduction of debt and acquisition of fixed assets. The endowment is invested at Fidelity Investments using the asset allocation as illustrated below. The market value of the investments at December 31, 2009 is \$270,653.

Mutual Funds – Equity Growth	\$141,281.	52.2%
Fixed Income	75,242.	27.8%
International	<u>54,130.</u>	<u>20.0%</u>
	<u>\$270,653.</u>	<u>100.0%</u>

Note I: Board Designated Net Assets

Board Designated Net Assets consist of the following:

Board Designated Investments (Fidelity Investments)	\$324,241.
Board Designated Investment (St. Mary’s Credit Union)	<u>17,000.</u>
	<u>\$341,241.</u>

The designation (internal) applies to the use of the net assets. The board designated investments may be used for operating and capital needs upon the recommendation of the Finance Committee and a majority vote of the Board of Directors. The board designated contingency may be used for unusual and unforeseen needs as recommended by the Finance Committee and by majority vote of the board.

Note J: Commitment

Effective June 1, 2008 the organization signed a 50 year lease with the Town of Framingham, Massachusetts for premises at 16 Pearl Street. The terms of agreement are: de-minis rent of \$1.00 the first two years after which rent of \$2,000 per month in years three to five. In year six the rent reverts to \$1.00 per year but the organization must assume all occupancy costs.

BOYS & GIRLS CLUBS OF METRO WEST, INC.
Marlboro, Massachusetts

Notes to Financial Statements (continued)
December 31, 2009

Note K: Cash Deposits

The organization had \$59,010 in cash deposits on account at three different banks on December 31, 2009. All cash balances are insured by the Federal Deposit Insurance Corporation.

Note L: Line of Credit

On September 11, 2009 the Organization signed a promissory note with St. Mary's Credit Union for a line of credit not to exceed \$150,000. The note is collateralized by certain securities held by Fidelity Investments. The outstanding balance payable at December 31, 2009 was zero.