



WEST END HOUSE
BOYS & GIRLS CLUB

**FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

**WEST END HOUSE, INC.
D/B/A WEST END HOUSE BOYS AND GIRLS
CLUBS OF ALLSTON-BRIGHTON**

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SEPTEMBER 30, 2008 AND 2007**

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Where Every Client Is A Valued Client

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
West End House, Inc. d/b/a West End House Boys and
Girls Clubs of Allston-Brighton:

We have audited the accompanying statements of financial position of West End House, Inc. d/b/a West End House Boys and Girls Clubs of Allston-Brighton (a Massachusetts corporation, not for profit) as of September 30, 2008 and 2007, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Club's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West End House, Inc. d/b/a West End House Boys and Girls Clubs of Allston-Brighton as of September 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Alexander, Aronson, Finning & Co., P.C.

Wellesley, Massachusetts
December 8, 2008

WEST END HOUSE, INC.
D/B/A WEST END HOUSE BOYS AND GIRLS
CLUBS OF ALLSTON-BRIGHTON

STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2008 AND 2007

	2008			2007		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
ASSETS						
CURRENT ASSETS:						
Cash	\$ 269,232	\$ 181,272	\$ 450,504	\$ 480,764	\$ 153,882	\$ 634,646
Grants and contracts receivable	50,678	15,000	65,678	74,719	22,500	97,219
Current portion of pledges receivable	231,148	125,833	356,981	281,347	25,000	306,347
Due from Girls Camp	67,027	-	67,027	-	-	-
Prepaid expenses	33,779	-	33,779	21,072	-	21,072
Total current assets	651,864	322,105	973,969	857,902	201,382	1,059,284
CASH HELD FOR OTHERS	-	-	-	45,614	-	45,614
INVESTMENTS	325,558	2,327,157	2,652,715	496,401	2,828,380	3,324,781
PLEDGES RECEIVABLE, net of current portion and discount	-	78,429	78,429	39,762	25,000	64,762
CONTRIBUTIONS RECEIVABLE FROM REMAINDER TRUST	-	155,125	155,125	-	194,700	194,700
FIXED ASSETS, net of accumulated depreciation	6,475,659	-	6,475,659	6,538,575	-	6,538,575
Total assets	\$ 7,453,081	\$ 2,882,816	\$ 10,335,897	\$ 7,978,254	\$ 3,249,462	\$ 11,227,716
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Current portion of mortgage payable	\$ 127,825	\$ -	\$ 127,825	\$ 93,873	\$ -	\$ 93,873
Accounts payable and accrued expenses	146,128	-	146,128	149,971	-	149,971
Deferred revenue	-	-	-	24,425	-	24,425
Total current liabilities	273,953	-	273,953	268,269	-	268,269
MORTGAGE PAYABLE, net of current portion	2,167,966	-	2,167,966	2,337,862	-	2,337,862
CASH HELD FOR OTHERS	-	-	-	45,614	-	45,614
Total liabilities	2,441,919	-	2,441,919	2,651,745	-	2,651,745
NET ASSETS:						
Unrestricted -						
Operating	241,974	-	241,974	260,865	-	260,865
Board designated	134,049	-	134,049	234,185	-	234,185
Centennial fund	455,271	-	455,271	689,119	-	689,119
Fixed assets	4,179,868	-	4,179,868	4,142,340	-	4,142,340
Total unrestricted	5,011,162	-	5,011,162	5,326,509	-	5,326,509
Temporarily restricted -						
Purpose restricted	-	487,225	487,225	-	322,978	322,978
Time restricted	-	270,477	270,477	-	336,082	336,082
Endowment	-	2,125,114	2,125,114	-	2,590,402	2,590,402
Total temporarily restricted	-	2,882,816	2,882,816	-	3,249,462	3,249,462
Total net assets	5,011,162	2,882,816	7,893,978	5,326,509	3,249,462	8,575,971
Total liabilities and net assets	\$ 7,453,081	\$ 2,882,816	\$ 10,335,897	\$ 7,978,254	\$ 3,249,462	\$ 11,227,716

The accompanying notes are an integral part of these statements.

WEST END HOUSE, INC.
D/B/A WEST END HOUSE BOYS AND GIRLS
CLUBS OF ALLSTON-BRIGHTON

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008		2007	
	UNRESTRICTED	TEMPORARILY RESTRICTED	UNRESTRICTED	TEMPORARILY RESTRICTED
REVENUE AND SUPPORT:				
Foundation contributions	\$ 317,036	\$ 153,252	\$ 221,398	\$ 185,100
Special events, net of related expenses of \$160,162 and \$94,725 in 2008 and 2007, respectively	335,077	-	262,846	-
Government grants	234,438	-	289,432	-
Centennial fund appropriation	233,848	-	200,546	-
Individual contributions	177,503	-	301,428	-
Investment earnings appropriated for operations	145,353	-	132,030	-
Corporate grants and contributions	128,060	-	52,348	-
In-kind contributions	67,336	-	74,726	-
Group events, membership dues and other	31,863	-	16,257	-
Rental fees	21,763	-	22,885	-
Net assets released from restriction	216,384	(216,384)	297,900	(297,900)
Total revenue and support	<u>1,908,661</u>	<u>(63,132)</u>	<u>1,871,796</u>	<u>(112,800)</u>
		1,845,529		1,758,996
EXPENSES:				
Program services	1,551,369	-	1,552,497	-
General and administrative	253,618	-	250,885	-
Total expenses	<u>1,804,987</u>	<u>-</u>	<u>1,803,382</u>	<u>-</u>
Changes in net assets before depreciation and other revenue (expenses)	103,674	(63,132)	68,414	(112,800)
DEPRECIATION	232,584	-	227,471	-
Changes in net assets before other revenue (expenses)	<u>(128,910)</u>	<u>(63,132)</u>	<u>(159,057)</u>	<u>(112,800)</u>
		(192,042)		(271,857)
OTHER REVENUE (EXPENSES):				
Capital grants	89,989	240,011	12,752	-
Contributions to centennial fund	-	-	58,425	-
Net assets released from capital restriction	135,001	(135,001)	25,000	(25,000)
Net assets released from restriction	(32,226)	(368,949)	118,528	(118,528)
Investment earnings	(233,848)	-	18,527	353,354
Centennial fund appropriation	(145,353)	-	(200,546)	-
Investment earnings appropriated for operations	-	-	(132,030)	-
Change in value of remainder trust	-	(39,575)	-	19,570
Total other revenue (expenses)	<u>(186,437)</u>	<u>(303,514)</u>	<u>(99,344)</u>	<u>229,396</u>
Changes in net assets	(315,347)	(366,646)	(258,401)	116,596
NET ASSETS, beginning of year	<u>5,326,509</u>	<u>3,249,462</u>	<u>5,584,910</u>	<u>3,132,866</u>
NET ASSETS, end of year	<u>\$ 5,011,162</u>	<u>\$ 2,882,816</u>	<u>\$ 5,326,509</u>	<u>\$ 3,249,462</u>
		\$ 7,893,978		\$ 8,575,971

The accompanying notes are an integral part of these statements.

**WEST END HOUSE, INC.
D/B/A WEST END HOUSE BOYS AND GIRLS
CLUBS OF ALLSTON-BRIGHTON**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets before other revenue (expenses)	\$ (192,042)	\$ (271,857)
Adjustments to reconcile changes in net assets before other revenue (expenses) to net cash provided by (used in) operating activities:		
Depreciation	232,584	227,471
Contributions to centennial fund	-	58,425
Investment earnings appropriated for operations	(145,353)	(132,030)
Centennial fund appropriated for operations	(233,848)	(200,546)
Changes in operating assets and liabilities -		
Grants and contracts receivable	31,541	(23,396)
Due from Girls Camp	(67,027)	-
Pledges receivable	99,412	489,536
Prepaid expenses	(12,707)	3,361
Accounts payable and accrued expenses	(3,843)	52,840
Deferred revenue	(24,425)	9,325
	<u>(315,708)</u>	<u>213,129</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment earnings	97,925	96,023
Acquisition of fixed assets	(169,668)	(44,522)
Proceeds from sale of investments	455,336	110,304
Purchase of investments	(282,370)	(244,816)
Proceeds from sale of donated stocks	9,087	114,256
Capital grants, contributions and pledges	157,200	49,746
	<u>267,510</u>	<u>80,991</u>
CASH FLOWS FROM FINANCING ACTIVITIES -		
Principal payments on mortgage payable	(135,944)	(172,762)
	<u>(135,944)</u>	<u>(172,762)</u>
NET INCREASE (DECREASE) IN CASH	(184,142)	121,358
CASH, beginning of year	<u>634,646</u>	<u>513,288</u>
CASH, end of year	<u>\$ 450,504</u>	<u>\$ 634,646</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
Cash paid for interest	<u>\$ 162,640</u>	<u>\$ 183,575</u>
Unrealized gain (loss) on investments	<u>\$ (513,702)</u>	<u>\$ 277,290</u>
Realized gain on investments	<u>\$ 14,602</u>	<u>\$ 1,432</u>
Donated stocks applied as payment against pledges	<u>\$ 9,087</u>	<u>\$ 142,965</u>

The accompanying notes are an integral part of these statements.

WEST END HOUSE, INC.
D/B/A WEST END HOUSE BOYS AND GIRLS
CLUBS OF ALLSTON-BRIGHTON

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008		2007	
	PROGRAM SERVICES	GENERAL AND ADMINIS- TRATIVE	PROGRAM SERVICES	GENERAL AND ADMINIS- TRATIVE
	TOTAL	TOTAL	TOTAL	TOTAL
SALARIES AND RELATED:				
Salaries	\$ 721,123	\$ 113,808	\$ 834,931	\$ 121,988
Employee benefits	128,587	25,467	154,054	20,731
Payroll taxes	69,162	10,915	80,077	11,134
Contract services	65,823	-	65,823	-
Total salaries and related	984,695	150,190	1,134,885	153,853
OCCUPANCY:				
Interest	152,764	9,876	162,640	11,147
Utilities	122,878	7,944	130,822	8,048
Repairs and maintenance	93,291	6,031	99,322	5,679
Insurance	31,795	2,056	33,851	2,176
Total occupancy	400,728	25,907	426,635	27,050
OTHER:				
In-kind goods and services	67,336	-	67,336	74,726
Professional fees	-	55,381	55,381	46,256
Program supplies and other	35,376	-	35,376	1,776
Postage and printing	4,997	13,749	18,746	18,345
Dues and subscriptions	18,260	-	18,260	-
Miscellaneous	10,737	1,262	11,999	1,624
Scholarships	9,648	-	9,648	-
Transportation	6,595	1,281	7,876	782
Telephone	6,339	828	7,167	601
Staff training and travel	2,438	4,468	6,906	142
Office supplies	4,220	552	4,772	456
Group club expenses	-	-	-	-
Total other	165,946	77,521	243,467	69,982
Total expenses before depreciation	1,551,369	253,618	1,804,987	250,885
DEPRECIATION	218,629	13,955	232,584	13,820
Total expenses	<u>\$ 1,769,998</u>	<u>\$ 267,573</u>	<u>\$ 2,037,571</u>	<u>\$ 264,705</u>
			<u>\$ 1,766,148</u>	<u>\$ 2,030,853</u>

The accompanying notes are an integral part of these statements.

**WEST END HOUSE, INC.
D/B/A WEST END HOUSE BOYS AND GIRLS
CLUBS OF ALLSTON-BRIGHTON**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007**

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS AND NONPROFIT STATUS

West End House, Inc. d/b/a West End House Boys and Girls Clubs of Allston-Brighton (the Club) is a nonprofit organization dedicated to inspiring and enabling youths from all backgrounds to realize their full potential. The Club provides education and recreation related activities for children of all ages of the Allston-Brighton, Massachusetts community.

The Club is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. The Club is also exempt from state income taxes. Contributions to the Club are deductible by donors within the requirements of the Internal Revenue Code.

SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

- Unrestricted grants and contributions from foundations, individuals and corporations are recognized as revenue when received or unconditionally pledged.
- Government grants are recognized as expenses are incurred.
- Revenue from special events is recognized in the period in which the event occurs.
- Grants and contributions designated for a specific purpose or period are recognized as temporarily restricted revenue and support and net assets when received or unconditionally pledged. Transfers are made to unrestricted revenue and support and net assets as services are provided and costs are incurred or as time restrictions lapse. Donor restricted grants and contributions received and satisfied in the same period are included in unrestricted net assets.
- Group events, membership dues and other, and rental fees are recognized when earned.
- Donated stocks are recorded at market value on the date of gift. During fiscal years 2008 and 2007, the Club received stock donations for the centennial fund, operations and the endowment fund (see Note 5). These stocks were sold upon receipt and either transferred to the Club's cash accounts or transferred to money market accounts. During fiscal years 2008 and 2007, the Club received donated stocks valued at \$9,087 and \$142,965, respectively.

Estimates

The preparation of financial statements in accordance 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.

**WEST END HOUSE, INC.
D/B/A WEST END HOUSE BOYS AND GIRLS
CLUBS OF ALLSTON-BRIGHTON**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007
(Continued)**

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

Expenses related directly to a program are allocated to program expenses while other expenses are allocated based upon management's estimate of the percentage attributable to program services and general and administrative.

Fixed Assets and Depreciation

Fixed assets are recorded at cost, if purchased, or at estimated market value at the date of gift, if donated. Renewals and betterments are capitalized while repairs and maintenance are charged to expense as they are incurred. Fixed assets are depreciated using the straight-line method over the following estimated useful lives and consist of the following:

	<u>Estimated Useful Lives</u>	<u>2008</u>	<u>2007</u>
Building and improvements	10 and 40 years	\$7,465,677	\$7,315,706
Furniture and equipment	3 - 10 years	457,075	437,378
Land	N/A	<u>25,374</u>	<u>25,374</u>
		7,948,126	7,778,458
Less – accumulated depreciation		<u>1,472,467</u>	<u>1,239,883</u>
Net fixed assets		<u>\$6,475,659</u>	<u>\$6,583,575</u>

Substantially all fixed assets are pledged as collateral in connection with the mortgage note payable as described in Note 6.

In-Kind Goods and Services

The Club receives donated food from the Boston Food Bank. The fair value of the food is reflected as in-kind contributions and expense in the accompanying statements of activities and changes in net assets and functional expenses. The value of the donated food was \$67,336 and \$74,726 for the years ended September 30, 2008 and 2007, respectively.

During fiscal years 2008 and 2007, the Club had volunteers who donated their time to the Club's program services. The fair value of these services is not reflected in the accompanying financial statements because they do not meet the criteria for recognition under Financial Accounting Standard Board Statement No. 116.

Deferred Revenue

Deferred revenue at September 30, 2007, represented contributions towards the Club's annual event in fiscal year 2008. This amount was recognized as revenue in fiscal year 2008.

**WEST END HOUSE, INC.
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**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007**

(Continued)

(1) **OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Club records its investments at fair market value. Interest income is recorded as earned and dividend income is recorded on the ex-dividend date. Realized gains or losses on investment transactions are recorded using the average cost method. Unrealized gains and losses are recognized based on market value changes during the period (see Note 2).

The Board of Directors has established an investment spending policy. Under this policy, annual withdrawals of the Endowment and Board designated funds (collectively, the Funds) (see Note 5) shall not exceed an amount equal to five (5%) percent of the market value of the Funds at December 31, 2004, beginning fiscal year 2005 through 2008. Thereafter, annual withdrawals shall not exceed an amount equal to five (5%) percent of the average market value of the Funds (see Note 5) over a three-year rolling period ending on June 30th of the previous fiscal year, unless otherwise authorized by the Board of Directors. Annual withdrawals of the Scholarship fund shall not exceed more than five (5%) percent of the average market value of the Scholarship fund (see Note 5) over a three-year period ending June 30th of each year, unless otherwise authorized by the Board of Directors.

During fiscal years 2008 and 2007, the Club appropriated for operations \$145,353 and \$132,030, respectively, of the Board designated, Endowment and Scholarship funds (see Note 5) under the Club's investment spending policy. The amount appropriated is reflected as investment earnings appropriated for operations in the accompanying statements of activities and changes in net assets for the years ended September 30, 2008 and 2007.

(2) **INVESTMENTS**

The following is a summary of the investment portfolios and unrealized appreciation (depreciation) as of September 30, 2008 and 2007:

	<u>2008</u>	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Mutual funds		\$1,711,234	\$1,632,175	\$ (79,059)
Money market funds		<u>1,020,540</u>	<u>1,020,540</u>	<u>-</u>
		<u>\$2,731,774</u>	<u>\$2,652,715</u>	<u>\$ (79,059)</u>
	<u>2007</u>			
Common stocks		\$ 28,709	\$ 28,668	\$ (41)
Mutual funds		1,663,344	2,098,028	434,684
Money market funds		<u>1,198,085</u>	<u>1,198,085</u>	<u>-</u>
		<u>\$2,890,138</u>	<u>\$3,324,781</u>	<u>\$434,643</u>

**WEST END HOUSE, INC.
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**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007**

(Continued)

(2) **INVESTMENTS** (Continued)

Investment earnings for the years ended September 30, 2008 and 2007, consist of the following:

	<u>2008</u>	<u>2007</u>
Unrealized gain (loss)	\$(513,702)	\$277,290
Realized gain (loss)	14,602	(1,432)
Interest and dividends	<u>97,925</u>	<u>96,023</u>
	<u>\$(401,175)</u>	<u>\$371,881</u>

The Club intends to hold the investments indefinitely. Accordingly, the investments are shown as long-term assets in the accompanying statements of financial position regardless of maturity.

Investments are not insured and are subject to ongoing market fluctuations.

(3) **PLEDGES RECEIVABLE**

Pledges receivable at September 30, 2008 and 2007, consist of the following:

	<u>2008</u>	<u>2007</u>
Centennial fund	\$102,693	\$203,693
Unrestricted operating	105,155	81,916
Other - restricted	19,262	50,000
Building and improvements	<u>208,300</u>	<u>35,500</u>
	435,410	371,109
Less - current portion	<u>356,981</u>	<u>306,347</u>
	<u>\$ 78,429</u>	<u>\$ 64,762</u>

Pledges receivable are recorded at their net present value using a 5% discount rate based upon a two year payment schedule.

Pledges receivable at September 30, 2008, are due as follows:

	<u>Pledge</u>	<u>Discount</u>	<u>Net</u>
2009	\$356,981	\$ -	\$356,981
2010	<u>81,667</u>	<u>3,238</u>	<u>78,429</u>
	<u>\$438,648</u>	<u>\$3,238</u>	<u>\$435,410</u>

Approximately 62% and 46% of the Club's pledges receivable at September 30, 2008 and 2007, respectively, were from three and two donors, respectively.

WEST END HOUSE, INC.
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007
(Continued)

(4) **CONTRIBUTIONS RECEIVABLE FROM REMAINDER TRUST**

The Club is the beneficiary of a Charitable Remainder Unitrust (CRUT). A donor established and funded the CRUT with specified distributions to be made to a designated beneficiary over the CRUT's term. The Club is not the trustee and does not exercise control over the CRUT. Upon termination of the CRUT, the Club receives any remaining assets. The present value has been discounted for future interest and takes into account the ages of the donor and designated beneficiary.

(5) **NET ASSETS**

Description of Net Assets

Unrestricted Net Assets

Unrestricted net assets include the following:

Operating net assets consist of amounts relating to program and other operating activities, which bear no external restrictions and are currently available for operations.

Board designated net assets represent funds set aside by the Board of Directors for long-term investment purposes, future expansion of program activities, and major repairs and improvements to the building. The use of these funds requires the approval of the Board of Directors.

Centennial fund net assets represent funds raised at the Club's one-hundred year anniversary celebration held in 2006 and set aside by the Board of Directors to provide critical resources needed for the Club to achieve significant and sustainable growth over a three year period. The use of this fund requires the approval of the Board of Directors. The Club raised approximately \$1,166,425 from the event, net of related expenses of approximately \$252,000.

During fiscal years 2008 and 2007, the Board appropriated \$233,848 and \$200,546, respectively, for operations. This amount is shown as Centennial fund appropriation in the accompanying statements of activities and changes in net assets.

Fixed assets net assets reflect amounts expended and resources available for property and equipment, net of related debt.

**WEST END HOUSE, INC.
D/B/A WEST END HOUSE BOYS AND GIRLS
CLUBS OF ALLSTON-BRIGHTON**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007**

(Continued)

(5) **NET ASSETS** (Continued)

Description of Net Assets (Continued)

Temporarily Restricted Net Assets

Temporarily restricted net assets represent amounts received with purpose or time restrictions, which have not yet been expended for their purposes. Temporarily restricted net assets consist of the following:

	<u>2008</u>	<u>2007</u>
Endowment fund (see Note 1)	\$2,125,114	\$2,590,402
Capital improvements	240,011	-
Scholarships	202,043	237,978
Contributions receivable from Remainder		
Trust – time restricted	155,125	194,700
Other time restricted	115,352	141,382
Program restricted	45,171	85,000
	<u>\$2,882,816</u>	<u>\$3,249,462</u>

Investment earnings on the Endowment fund (the Fund) are recorded as temporarily restricted net assets as specified by the donors. Net investment losses on the Fund were \$341,442 for the year ended September 30, 2008. Net investment earnings on the Fund were \$322,744 for the year ended September 30, 2007. These amounts are included in investment earnings in the accompanying statements of activities and changes in net assets for the years ended September 30, 2008 and 2007. The term endowment is an internal term not used in the traditional manner that would otherwise indicate permanently restricted net assets.

(6) **MORTGAGE PAYABLE**

The Club has a twenty-year mortgage payable to a bank which matures in January, 2022. Effective March, 2008, the interest rate is fixed at 6.5% through May, 2011. Prior to March, 2008, the interest rate was fixed at 7.25%. Principal and interest are due in monthly installments of \$22,774. The loan is secured by a mortgage and assignment of all pledges relating to building and improvements (see Note 3). The outstanding balance of the mortgage was \$2,295,791 and \$2,431,735 at September 30, 2008 and 2007, respectively.

Aggregate maturities of long-term debt over the next five years are as follows:

2009	\$127,825
2010	\$136,386
2011	\$145,520
2012	\$155,266
2013	\$166,664

The mortgage payable agreement contains various covenants with which the Club must comply. The Club was in compliance with these covenants at September 30, 2008.

**WEST END HOUSE, INC.
D/B/A WEST END HOUSE BOYS AND GIRLS
CLUBS OF ALLSTON-BRIGHTON**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007
(Continued)**

(7) CONCENTRATION OF CREDIT RISK

The Club maintains its cash balances at a bank in Massachusetts. Effective, October 3, 2008, the Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to \$250,000. Prior to this date, the FDIC insured balances up to \$100,000. At certain times during the year, cash balances exceeded the insured amounts. The Club has not experienced any losses in such accounts. The Club believes it is not exposed to any significant credit risk on cash and cash equivalents.

(8) RELATED PARTY TRANSACTION

A member of the Club's Board of Directors is also the Chairman of the bank which holds the mortgage on the Club's property.

(9) PENSION PLAN

The Club has a defined contribution pension plan covering all eligible employees. Employees become eligible to participate after completing one year of service and at least twenty-one years of age. The Club contributes annually up to 10% of each employee's annual salary. The Club's contributions in the participant's account are 100% vested after three years of service. Pension expense was \$54,175 and \$50,730 for the years ended September 30, 2008 and 2007, respectively, which is included in employee benefits in the accompanying statements of functional expenses.

(10) FISCAL AGENT

The Club is the fiscal agent for a local girl's camp (the Camp). The Club receives and disburses funds on behalf of the Camp. As of September 30, 2008, the Club was owed \$67,027 for expenses paid on behalf of the Camp. This amount is reflected as due from Girls Camp in the accompanying statements of financial position, and was received subsequent to September 30, 2008.

As of September 30, 2007, the Club held \$45,614 for the Camp. This amount is presented as cash held for others in the accompanying statements of financial position.

(11) CONTINGENCY

During fiscal year 2005, the Club became aware that over the prior few years it had not been charged for certain utility costs. Management has been in discussions with the vendor regarding a settlement, but at this time the range of the settlement cannot be reasonably estimated. The Club began receiving bills for utility costs during 2007. As of September 30, 2008, the Club and vendor have not reached a settlement.