



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

**FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

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

**CONTENTS
SEPTEMBER 30, 2011 AND 2010**

	<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Statements of Functional Expenses	5
Notes to Financial Statements	6 - 16



CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

Where Every Client Is A Valued Client

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

21 East Main Street, Westborough, MA 01581-1461 (508) 366-9100
Boston, MA (617) 205-9100 Wellesley, MA (781) 965-9100
www.aafcpa.com FAX (508) 366-9789 info@aafcpa.com

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 Club of Allston-Brighton (a Massachusetts corporation, not for profit) (the Club) as of September 30, 2011 and 2010, 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 Club of Allston-Brighton as of September 30, 2011 and 2010, 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
February 13, 2012

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

STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2011 AND 2010

ASSETS	2011			2010		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
CURRENT ASSETS:						
Cash	\$ 537,619	\$ 297,255	\$ 834,874	\$ 572,968	\$ 294,832	\$ 867,800
Grants and contracts receivable	21,566	-	21,566	74,973	-	74,973
Pledges receivable	139,493	97,259	236,752	121,248	301,692	422,940
Due from Girls Camp	8,026	-	8,026	15,877	-	15,877
Prepaid expenses	13,044	-	13,044	16,393	-	16,393
Total current assets	719,748	394,514	1,114,262	801,459	596,524	1,397,983
INVESTMENTS	234,684	2,160,804	2,395,488	240,988	2,285,318	2,526,306
CONTRIBUTION RECEIVABLE FROM REMAINDER TRUST	-	152,422	152,422	-	161,244	161,244
FIXED ASSETS, net of accumulated depreciation	6,087,994	-	6,087,994	6,368,481	-	6,368,481
Total assets	\$ 7,042,426	\$ 2,707,740	\$ 9,750,166	\$ 7,410,928	\$ 3,043,086	\$ 10,454,014
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Current portion of note payable	\$ 50,205	\$ -	\$ 50,205	\$ 47,525	\$ -	\$ 47,525
Accounts payable and accrued expenses	104,541	-	104,541	97,087	-	97,087
Deferred revenue	25,002	-	25,002	55,250	-	55,250
Total current liabilities	179,748	-	179,748	199,862	-	199,862
NOTE PAYABLE, net of current portion	1,951,388	-	1,951,388	2,001,120	-	2,001,120
Total liabilities	2,131,136	-	2,131,136	2,200,982	-	2,200,982
NET ASSETS:						
Unrestricted:						
Operating	606,579	-	606,579	543,538	-	543,538
Board designated	97,210	-	97,210	104,145	-	104,145
Capital reserve	121,100	-	121,100	90,301	-	90,301
Fixed assets	4,086,401	-	4,086,401	4,319,836	-	4,319,836
Centennial fund	-	-	-	152,126	-	152,126
Total unrestricted	4,911,290	-	4,911,290	5,209,946	-	5,209,946
Temporarily restricted:						
Purpose restricted	-	555,705	555,705	-	734,607	734,607
Time restricted	-	187,331	187,331	-	228,994	228,994
Endowment	-	1,964,704	1,964,704	-	2,079,485	2,079,485
Total temporarily restricted	-	2,707,740	2,707,740	-	3,043,086	3,043,086
Total net assets	4,911,290	2,707,740	7,619,030	5,209,946	3,043,086	8,253,032
Total liabilities and net assets	\$ 7,042,426	\$ 2,707,740	\$ 9,750,166	\$ 7,410,928	\$ 3,043,086	\$ 10,454,014

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, 2011 AND 2010

	2011			2010		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUE AND SUPPORT:						
Special events, net of related expenses of \$141,320 and \$115,008 in 2011 and 2010, respectively	\$ 476,813	\$ -	\$ 476,813	\$ 403,274	\$ -	\$ 403,274
Foundation contributions	239,426	74,292	313,718	250,027	278,303	528,330
Government grants	242,973	-	242,973	278,142	74,977	353,119
Corporate grants and contributions	69,846	127,500	197,346	44,579	100,000	144,579
Individual contributions	168,060	1,200	169,260	201,707	85,743	287,450
Centennial fund appropriation	152,126	-	152,126	132,101	-	132,101
In-kind contributions	133,502	-	133,502	140,793	-	140,793
Investment earnings appropriated for operations	125,458	-	125,458	139,092	-	139,092
Rental fees	20,845	-	20,845	19,281	-	19,281
Group events, membership dues and other	9,437	-	9,437	28,269	-	28,269
Net assets released from restrictions	425,003	(425,003)	-	362,759	(362,759)	-
Total revenue and support	<u>2,063,489</u>	<u>(222,011)</u>	<u>1,841,478</u>	<u>2,000,024</u>	<u>176,264</u>	<u>2,176,288</u>
EXPENSES:						
Program services	1,615,591	-	1,615,591	1,434,878	-	1,434,878
General and administrative	143,549	-	143,549	124,954	-	124,954
Fundraising	147,711	-	147,711	147,808	-	147,808
Total expenses	<u>1,906,851</u>	<u>-</u>	<u>1,906,851</u>	<u>1,707,640</u>	<u>-</u>	<u>1,707,640</u>
Changes in net assets before depreciation and other revenue (expenses)	156,638	(222,011)	(65,373)	292,384	176,264	468,648
DEPRECIATION	296,233	-	296,233	288,859	-	288,859
Changes in net assets before other revenue (expenses)	<u>(139,595)</u>	<u>(222,011)</u>	<u>(361,606)</u>	<u>3,525</u>	<u>176,264</u>	<u>179,789</u>
OTHER REVENUE (EXPENSES):						
Capital grants	-	20,000	20,000	140,000	-	140,000
Endowment and Scholarship Fund contributions	-	1,873	1,873	-	104,072	104,072
Investment earnings	(348)	(7,515)	(7,863)	7,066	147,855	154,921
Change in value of remainder trust	-	(8,822)	(8,822)	-	6,295	6,295
Investment earnings appropriated for operations	(125,458)	-	(125,458)	(139,092)	-	(139,092)
Centennial fund appropriation	(152,126)	-	(152,126)	(132,101)	-	(132,101)
Donated equipment	-	-	-	105,293	-	105,293
Other income	-	-	-	29,160	-	29,160
Net assets released from restrictions	118,871	(118,871)	-	132,084	(132,084)	-
Total other revenue (expenses)	<u>(159,061)</u>	<u>(113,335)</u>	<u>(272,396)</u>	<u>142,410</u>	<u>126,138</u>	<u>268,548</u>
Changes in net assets	(298,656)	(335,346)	(634,002)	145,935	302,402	448,337
NET ASSETS, beginning of year	5,209,946	3,043,086	8,253,032	5,064,011	2,740,684	7,804,695
NET ASSETS, end of year	<u>\$ 4,911,290</u>	<u>\$ 2,707,740</u>	<u>\$ 7,619,030</u>	<u>\$ 5,209,946</u>	<u>\$ 3,043,086</u>	<u>\$ 8,253,032</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 CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets before other revenue (expenses)	\$ (361,606)	\$ 179,789
Adjustments to reconcile changes in net assets before other revenue (expenses) to net cash provided by (used in) operating activities:		
Depreciation	296,233	288,859
Bad debts	10,724	2,526
Investment earnings appropriated for operations	(125,458)	(139,092)
Centennial fund appropriated for operations	(152,126)	(132,101)
Changes in operating assets and liabilities:		
Grants and contracts receivable	53,407	(3,889)
Pledges receivable	119,567	(146,623)
Due from Girls Camp	7,851	(9,508)
Prepaid expenses	3,349	(4,484)
Accounts payable and accrued expenses	7,454	9,390
Deferred revenue	(30,248)	55,250
Net cash provided by (used in) operating activities	<u>(170,853)</u>	<u>100,117</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and dividends	63,295	33,141
Acquisition of fixed assets	(15,746)	(107,588)
Proceeds from sale of investments	597,543	255,711
Purchase of investments	(537,883)	(281,625)
Net cash provided by (used in) investing activities	<u>107,209</u>	<u>(100,361)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	(47,052)	(188,196)
Capital grants, contributions and pledges	75,897	203,353
Endowment and Scholarship Fund contributions	1,873	104,072
Net cash provided by financing activities	<u>30,718</u>	<u>119,229</u>
NET INCREASE (DECREASE) IN CASH	(32,926)	118,985
CASH, beginning of year	867,800	748,815
CASH, end of year	<u>\$ 834,874</u>	<u>\$ 867,800</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 111,278</u>	<u>\$ 132,259</u>
NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
Unrealized gain (loss) on investments	<u>\$ (85,527)</u>	<u>\$ 196,509</u>
Realized gain (loss) on investments	<u>\$ 14,369</u>	<u>\$ (74,729)</u>
Cost of disposed fixed assets	<u>\$ 4,005</u>	<u>\$ 33,790</u>
Accounts payable written off	<u>\$ -</u>	<u>\$ 29,160</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, 2011 AND 2010

	2011			2010				
	PROGRAM SERVICES	GENERAL AND ADMINIS- TRATIVE	FUNdraISING	TOTAL	PROGRAM SERVICES	ADMINIS- TRATIVE	FUNdraISING	TOTAL
SALARIES AND RELATED:								
Salaries	\$ 683,892	\$ 52,139	\$ 115,337	\$ 851,368	\$ 569,759	\$ 49,755	\$ 114,738	\$ 734,252
Employee benefits	97,750	9,872	16,174	123,796	83,992	6,814	17,002	107,808
Payroll taxes	71,377	5,474	12,185	89,036	61,582	4,471	12,302	78,355
Contract services	42,178	-	-	42,178	31,283	-	-	31,283
Total salaries and related	895,197	67,485	143,696	1,106,378	746,616	61,040	144,042	951,698
OCCUPANCY:								
Utilities	148,600	4,693	3,128	156,421	147,456	4,656	3,104	155,216
Repairs and maintenance	116,873	4,848	-	121,721	120,989	5,055	-	126,044
Interest	105,840	5,571	-	111,411	134,567	7,082	-	141,649
Insurance	23,340	1,228	-	24,568	29,068	1,530	-	30,598
Total occupancy	394,653	16,340	3,128	414,121	432,080	18,323	3,104	453,507
OTHER:								
Professional fees	79,673	50,723	250	130,646	7,202	43,850	-	51,052
Donated food	78,611	-	-	78,611	90,715	-	-	90,715
Donated goods and services	54,891	-	-	54,891	50,078	-	-	50,078
Program supplies and other	47,438	-	-	47,438	34,673	-	-	34,673
Dues and subscriptions	14,806	379	-	15,185	14,827	-	-	14,827
Scholarships	11,818	-	-	11,818	10,632	-	-	10,632
Bad debts	3,115	7,609	-	10,724	2,276	250	-	2,526
Postage and printing	9,049	286	190	9,525	16,126	509	340	16,975
Miscellaneous	8,233	267	139	8,639	9,446	497	-	9,943
Telephone	6,868	217	145	7,230	6,424	203	135	6,762
Office supplies	4,346	137	92	4,575	3,442	109	72	3,623
Staff development	3,369	106	71	3,546	5,480	173	115	5,768
Transportation	3,524	-	-	3,524	4,861	-	-	4,861
Total other	325,741	59,724	887	386,352	256,182	45,591	662	302,435
Total expenses before depreciation	1,615,591	143,549	147,711	1,906,851	1,434,878	124,954	147,808	1,707,640
DEPRECIATION								
Total expenses	281,421	14,812	-	296,233	274,416	14,443	-	288,859
Total expenses	\$ 1,897,012	\$ 158,361	\$ 147,711	\$ 2,203,084	\$ 1,709,294	\$ 139,397	\$ 147,808	\$ 1,996,499

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, 2011 AND 2010**

(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 an independent Boys and Girls Club in the City of Boston that has been transforming the lives of immigrant and urban youth since its founding in 1906. The mission of the Club is to inspire and enable young people, especially those from disadvantaged backgrounds, to realize their full potential as productive, responsible and caring citizens. A century ago, many of our members were the sons of immigrants escaping the pogroms of Eastern Europe. Today, they are the sons *and* daughters of immigrants from the Dominican Republic, China, Vietnam, Haiti, Cape Verde, and three dozen other countries, often fleeing political unrest and poverty to seek a better life for their children in the United States.

With 75% of the Club's families earning less than \$25,000 per year and 70% of the young people served coming from single-parent households, the Club is truly reaching the children and teens most in need. The membership fee is only \$15 annually, to ensure there are no financial barriers to participation. Even with such a low fee, more than half of the young people are provided scholarships by the Club.

The Club offers its 1,500 members an integrated array of programs across four broad areas: leadership and life skills; academic support and college preparation; sports, fitness and nutrition; and visual and performing arts. In support of these programs, the Club also serves over 1,200 healthful hot meals to members every week.

A key tool used by the Club to ensure the continuing, consistent and customized attention is WISDOM: The Club's Internal System for Developmental Outcomes Measurement. This system allows staff members to create and monitor a nuanced picture of how each child is doing. If necessary, an intervention plan is developed to address any issues or problems, so no child falls through the cracks. Data is also aggregated and analyzed to inform program development and resource allocation. The WISDOM tool currently tracks 200 Club members, with plans to double that number.

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

The Club prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification.

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

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(Continued)**

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Allowance for Uncollectible Accounts

The Club records an allowance for uncollectible accounts based on management's analysis of specific accounts and their estimate of amounts that may become uncollectible. Accounts are written off when they are determined to be uncollectible and are recorded as bad debt. There was no allowance for uncollectible accounts deemed necessary as of September 30, 2011 or 2010.

Estimates

The preparation of financial statements in accordance with U.S. GAAP 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.

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, general and administrative and fundraising.

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

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(Continued)**

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets and Depreciation

Fixed assets are recorded at cost, if purchased, or at the estimated market value at the date of gift, if donated. Renewals and betterments are capitalized, while repairs and maintenance are expense as incurred. Fixed assets are depreciated using the straight-line method over the following estimated useful lives and consist of the following as of September 30:

	<u>Estimated Useful Lives</u>	<u>2011</u>	<u>2010</u>
Building and improvements	10 and 40 years	\$7,821,702	\$7,805,702
Furniture and equipment	3 - 10 years	525,931	530,190
Land	N/A	<u>25,374</u>	<u>25,374</u>
		8,373,007	8,361,266
Less - accumulated depreciation		<u>2,285,013</u>	<u>1,992,785</u>
Net fixed assets		<u>\$6,087,994</u>	<u>\$6,368,481</u>

Substantially all fixed assets are pledged as collateral in connection with the mortgage note payable as described in Note 5.

In-Kind Goods and Services

The Club receives donated food from the Greater Boston Food Bank. During fiscal year 2011 and 2010, the Club received \$78,611 and \$90,715, respectively, of donated food, which is reflected as in-kind contributions revenue and donated food expense in the accompanying statements of activities and changes in net assets and functional expenses.

During fiscal year 2010, the Club received donated equipment of \$105,293, which is reflected as donated equipment in the accompanying statement of activities and changes in net assets.

During fiscal years 2011 and 2010, the Club also received \$54,891 and \$50,078, respectively, of donated program supplies and services, which are reflected as in-kind contributions revenue and donated goods and services in the accompanying statements of activities and changes in net assets and functional expenses.

During fiscal years 2011 and 2010, 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 since they do not meet the criteria for recognition under U.S. GAAP.

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

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(Continued)**

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The Club follows the *Fair Value Measurements and Disclosures* standards. These standards define fair value, establish a framework for measuring fair value under U.S. GAAP, and mandate disclosures about fair value measurements. This policy establishes a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value.

The three levels of the fair value framework are as follows:

- Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical qualifying assets or liabilities at the measurement date.
- Level 2 – Inputs other than quoted prices in active markets that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 – Inputs that are unobservable.

A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The Club values all of its investments (see Note 2) using Level 1 inputs. The Club also values its contribution receivable from a remainder trust (see Note 4) using Level 1 (fair value of remainder trust, see Note 4) and 2 inputs (discount factor is based on life expectancy).

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 Club's investment policy sets forth guidelines for prudent investment of funds, taking into account liquidity, growth, risk, and return characteristics appropriate for different categories of the Club's investments. Under this policy, funds are invested to produce a relatively high level of income commensurate with prudent diversification and moderate risks and investment returns are achieved through both capital appreciation (realized and unrealized) and current income (interest and dividends).

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(Continued)

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

In accordance with the Club's annual investment spending policy, annual withdrawals of the Endowment and Board designated funds (collectively, the Funds) (see Note 6) shall not exceed an amount equal to five (5%) percent of the average market value of the Funds over a rolling three-year 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 6) over a three-year period ending June 30th of each fiscal year, unless otherwise authorized by the Board of Directors.

During fiscal years 2011 and 2010, the Club appropriated for operations \$125,458 and \$139,092, respectively, of the Board designated, Endowment and Scholarship funds (see Note 6) 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, 2011 and 2010.

Deferred Revenue

Deferred revenue represents amounts for special events received in advance of the fiscal year in which the events were held.

Subsequent Events

Subsequent events have been evaluated through February 13, 2012, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

Accounting for Uncertainty in Income Taxes

The Club follows the *Accounting for Uncertainty in Income Taxes* standard, which requires the Club to report uncertain tax positions, related interest and penalties, and to adjust its assets and liabilities related to unrecognized tax benefits and accrued interest and penalties accordingly. As of September 30, 2011, the Club determined that there are no material unrecognized tax benefits to report.

Information returns filed for the prior three years remain subject to examination by the Internal Revenue Service and Commonwealth of Massachusetts. The Club does not expect that the amounts of unrecognized tax benefits will change significantly within the next twelve months.

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

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(Continued)**

(2) INVESTMENTS

Investments are presented in the accompanying financial statements at fair value. The Club's investments consist of the following as of September 30:

	<u>2011</u>	<u>2010</u>
Money funds	\$ 642,257	\$ 420,021
Equities:		
U.S. large cap	496,271	711,285
International developed	135,456	211,204
Others	234,591	264,742
Fixed income:		
Investment grade taxable	276,963	604,628
International developed bonds	126,370	119,267
Fixed income other – Pimco Fund	295,870	116,437
Others	74,221	78,722
Commodities	<u>113,489</u>	<u>-</u>
Total investments	<u>\$2,395,488</u>	<u>\$2,526,306</u>

Investment earnings for the years ended September 30, 2011 and 2010, consist of the following:

	<u>2011</u>	<u>2010</u>
Unrealized gain (loss)	\$(85,527)	\$196,509
Realized gain (loss)	14,369	(74,729)
Interest and dividends, net of related fees	<u>63,295</u>	<u>33,141</u>
	<u>\$ (7,863)</u>	<u>\$154,921</u>

Investment fees were \$20,551 and \$19,155 for the years ended September 30, 2011 and 2010, respectively.

The Club intends to hold its 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 are recorded at their net present value when unconditionally committed. Approximately 57% and 45% of the Club's pledges receivable at September 30, 2011 and 2010, respectively, were from three donors. An allowance for doubtful accounts was not deemed necessary as of September 30, 2011 and 2010, based on management's best estimate of the collectibility of accounts receivable. The decision not to record an allowance is based on historical collections and write-off experience, as well as the amounts that were collected subsequent to September 30, 2011 and 2010.

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

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(Continued)**

(4) CONTRIBUTION 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 him over the CRUT's term. 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 age of the donor. The Club is not the trustee and does not exercise control over the CRUT.

(5) NOTE PAYABLE

Note payable consists of the following as of September 30:

	<u>2011</u>	<u>2010</u>
5.5% mortgage note payable to a bank. Effective August, 2010, principal and interest are due in monthly installments of \$13,234 through April, 2015, at which time the interest rate is expected to change based on the Federal Home Loan Board One year Advanced Borrowing Rate. From March, 2010 to July, 2010, the Club was making monthly payments of interest only. Prior to March, 2010 (refinance date), the Club made monthly payments of principal and interest (6.5%) of \$21,490. The note matures in March, 2035. The note is secured by a mortgage and assignment of all pledges relating to building and improvements (see Notes 1 and 3).	\$2,001,593	\$2,048,645
Less - current portion	50,205	47,525
	<u>\$1,951,388</u>	<u>\$2,001,120</u>

Aggregate maturities of long-term debt over the next five fiscal years (assuming the interest rate on the mortgage note remains at 5.5%) are as follows:

2012	\$50,205
2013	\$53,038
2014	\$56,030
2015	\$59,190
2016	\$62,529

The mortgage note agreement contains various administrative covenants with which the Club must comply. The Club was in compliance with these covenants at September 30, 2011.

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

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(Continued)**

(6) 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.

Board designated net assets represent funds set aside by the Board of Directors for long-term investment purposes and future expansion of program activities. The use of this fund requires the approval of the Board of Directors.

Capital reserve net assets represent funds set aside by the Board of Directors for repairs and improvements to the Club's facility. The use of this reserve requires the approval of the Board of Directors.

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

Centennial fund net assets represented 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 future periods. The use of this fund required the approval of the Board of Directors.

During fiscal years 2011 and 2010, the Board appropriated \$152,126 and \$132,101, respectively, for operations. This amount is shown as Centennial fund appropriation in the accompanying statements of activities and changes in net assets.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent amounts received with time or purpose restrictions, which have not yet been expended for their purposes. Temporarily restricted net assets consist of the following as of September 30:

	<u>2011</u>	<u>2010</u>
Endowment fund (see Note 1)	\$1,964,704	\$2,079,485
Program restricted	359,604	528,774
Scholarships	196,101	205,833
Contribution receivable from remainder trust - time restricted (see Note 4)	152,422	161,244
Other time restricted	<u>34,909</u>	<u>67,750</u>
	<u>\$2,707,740</u>	<u>\$3,043,086</u>

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

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(Continued)**

(6) NET ASSETS (Continued)

Description of Net Assets (Continued)

Investment earnings on the Endowment fund (the Fund) are recorded as temporarily restricted net assets as specified by the donors. Net investment gains (losses) on the Fund were \$(6,625) and \$134,260 for the years ended September 30, 2011 and 2010, respectively. These amounts are included in investment earnings in the accompanying statements of activities and changes in net assets for the years ended September 30, 2011 and 2010. The term endowment is an internal term not used in the traditional manner that would otherwise indicate permanently restricted net assets. The Club is not required to permanently maintain any portion of the Fund.

Endowment net assets consist of the following as of September 30:

<u>2011</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Endowment fund (see page 13)	\$ -	\$1,964,704	\$1,964,704
Board designated endowment fund	<u>97,210</u>	<u>-</u>	<u>97,210</u>
	<u>\$ 97,210</u>	<u>\$1,964,704</u>	<u>\$2,061,914</u>
<u>2010</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Endowment fund (see page 13)	\$ -	\$2,079,485	\$2,079,485
Board designated endowment fund	<u>104,145</u>	<u>-</u>	<u>104,145</u>
	<u>\$104,145</u>	<u>\$2,079,485</u>	<u>\$2,183,630</u>

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

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(Continued)**

(6) NET ASSETS (Continued)

Description of Net Assets (Continued)

Changes in Endowment net assets by class are as follows for the years ended September 30, 2011 and 2010:

	<u>Unrestricted Board- Designated</u>	<u>Temporarily Restricted Endowment</u>	<u>Total Endowment</u>
Endowment net assets, September 30, 2009	<u>\$104,087</u>	<u>\$1,966,677</u>	<u>\$2,070,764</u>
Investment return:			
Interest and dividend	1,532	29,108	30,640
Net realized losses	(3,183)	(60,494)	(63,677)
Net unrealized gains	<u>8,717</u>	<u>165,646</u>	<u>174,363</u>
Total investment return	<u>7,066</u>	<u>134,260</u>	<u>141,326</u>
Contribution to Endowment	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Appropriation of endowment assets for expenditure	<u>(7,008)</u>	<u>(121,452)</u>	<u>(128,460)</u>
Endowment net assets, September 30, 2010	<u>104,145</u>	<u>2,079,485</u>	<u>2,183,630</u>
Investment return:			
Interest and dividend	2,807	53,339	56,146
Net realized gain	808	15,342	16,150
Net unrealized losses	<u>(3,963)</u>	<u>(75,306)</u>	<u>(79,269)</u>
Total investment return	<u>(348)</u>	<u>(6,625)</u>	<u>(6,973)</u>
Appropriation of Endowment assets for expenditure	<u>(6,587)</u>	<u>(108,156)</u>	<u>(114,743)</u>
Endowment net assets, September 30, 2011	<u>\$ 97,210</u>	<u>\$1,964,704</u>	<u>\$2,061,914</u>

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

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010
(Continued)**

(7) CONCENTRATION OF CREDIT RISK

The Club maintains its cash balances in a Massachusetts bank. The Federal Deposit Insurance Corporation (FDIC) insures balances up to certain amounts. During the years ended September 30, 2011 and 2010, the Club's 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 its cash.

(8) PENSION PLAN

The Club has a defined contribution pension plan covering all eligible employees. Employees become eligible to participate after reaching age twenty-one and completing one year of service. 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 \$49,177 and \$42,121 for the years ended September 30, 2011 and 2010, respectively, which is included in employee benefits in the accompanying statements of functional expenses.

(9) FISCAL AGENT

The Club is the fiscal agent for a local girls' camp (Girls Camp). The Club receives and disburses funds on behalf of Girls Camp. As of September 30, 2011 and 2010, the Club was owed \$8,026 and \$15,877, respectively, for expenses paid on behalf of the Camp. These amounts are reflected as due from Girls Camp in the accompanying statements of financial position.

(10) RECLASSIFICATION

Certain amounts in the 2010 financial statements have been reclassified to conform with 2011 presentation.