West End House, Inc.

D/B/A West End House Boys and Girls Club
of Allston-Brighton and West End House Support, Inc.

Consolidated Financial Report
December 31, 2017

Contents

Independent Auditor's Report

Board of Directors
West End House, Inc. d/b/a West End House Boys and Girls Club of Allston-Brighton
and West End House Support, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of West End House, Inc. d/b/a West End House Boys and Girls Club of Allston-Brighton and West End House Support, Inc. (collectively, "the Organization"), which comprise the consolidated statement of financial position as of December 31, 2017, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter
The financial statements of the Organization, as of and for the year ended December 31, 2016, were audited by other auditors, whose report, dated August 3, 2017, expressed an unmodified opinion on those statements.

Other Matter
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual organizations and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Boston, Massachusetts
June 29, 2018

West End House, Inc. d/b/a West End House Boys and Girls Club of Allston-Brighton and West End House Support, Inc.

Consolidated Statements of Financial Position
December 31, 2017 and 2016

	2017			2016		
Assets	**Unrestricted**	**Temporarily Restricted**	**Total**	Unrestricted	Temporarily Restricted	Total
Current assets:						
Cash and cash equivalents	**$ 416,075**	**$ 464,049**	**$ 880,124**	$ 540,845	$ 3,128,840	$ 3,669,685
Assets limited as to use	**6,144,537**	**-**	**6,144,537**	-	-	-
Current portion of pledges, grants, and other receivable	**245,031**	**2,278,631**	**2,523,662**	362,950	2,573,018	2,935,968
Contracts receivable	**77,529**	**-**	**77,529**	19,715	-	19,715
Prepaid expenses	**30,711**	**-**	**30,711**	25,044	-	25,044
Total current assets	**6,913,883**	**2,742,680**	**9,656,563**	948,554	5,701,858	6,650,412
Pledges and grants receivable, net of current portion and discount	**-**	**703,144**	**703,144**	-	2,487,245	2,487,245
Investments	**338,648**	**3,405,451**	**3,744,099**	296,053	3,140,865	3,436,918
Property and equipment, net of accumulated depreciation	**13,001,057**	**-**	**13,001,057**	5,714,393	-	5,714,393
Note receivable	**8,210,000**	**-**	**8,210,000**	-	-	-
Total assets	**$ 28,463,588**	**$ 6,851,275**	**$ 35,314,863**	$ 6,959,000	$ 11,329,968	$ 18,288,968
Liabilities and Net Assets						
Current liabilities:						
Current portion of mortgage payable, net	**$ 27,589**	**$ -**	**$ 27,589**	$ 105,065	$ -	$ 105,065
Current portion of notes payable, net	**1,833,284**	**-**	**1,833,284**	-	-	-
Accounts payable and accrued expenses	**2,776,441**	**-**	**2,776,441**	196,480	-	196,480
Total current liabilities	**4,637,314**	**-**	**4,637,314**	301,545	-	301,545
Line of credit	**300,000**	**-**	**300,000**	-	-	-
Mortgage payable, net of current portion	**1,377,728**	**-**	**1,377,728**	1,282,263	-	1,282,263
Notes payable, net of current portion	**12,696,007**	**-**	**12,696,007**	-	-	-
Total liabilities	**19,011,049**	**-**	**19,011,049**	1,583,808	-	1,583,808
Net assets:						
Unrestricted:						
Operating	**130,687**	**-**	**130,687**	485,364	-	485,364
Board designated	**107,156**	**-**	**107,156**	99,187	-	99,187
Capital reserve	**494,048**	**-**	**494,048**	463,576	-	463,576
Real estate development	**8,720,648**	**-**	**8,720,648**	4,327,065	-	4,327,065
Total unrestricted	**9,452,539**	**-**	**9,452,539**	5,375,192	-	5,375,192
Temporarily restricted:						
Purpose restricted	**-**	**1,019,435**	**1,019,435**	-	1,066,422	1,066,422
Time restricted	**-**	**72,930**	**72,930**	-	65,625	65,625
Comprehensive campaign	**-**	**3,597,057**	**3,597,057**	-	8,190,293	8,190,293
Endowment	**-**	**2,161,853**	**2,161,853**	-	2,007,628	2,007,628
Total temporarily restricted	**-**	**6,851,275**	**6,851,275**	-	11,329,968	11,329,968
Total net assets	**9,452,539**	**6,851,275**	**16,303,814**	5,375,192	11,329,968	16,705,160
Total liabilities and net assets	**$ 28,463,588**	**$ 6,851,275**	**$ 35,314,863**	$ 6,959,000	$ 11,329,968	$ 18,288,968

See notes to consolidated financial statements

West End House, Inc. d/b/a West End House Boys and Girls Club of Allston-Brighton
and West End House Support, Inc.

Consolidated Statements of Activities and Changes in Net Assets
Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	**Temporarily Restricted**	**Total**	Unrestricted	Temporarily Restricted	Total
Operating revenue and support						
Corporate/foundation grants and contributions	**$ 854,958**	**$ 185,430**	**$ 1,040,388**	$ 1,263,945	$ 756,125	$ 2,020,070
Campaign releases appropriated for operations	**1,018,185**	**-**	**1,018,185**	512,000	-	512,000
Government grants	**282,118**	**38,095**	**320,213**	283,036	18,571	301,607
Individual contributions	**277,719**	**35,000**	**312,719**	224,349	30,919	255,268
Investment earnings appropriated for operations	**104,460**	**-**	**104,460**	365,819	-	365,819
Rental fees and other	**146,221**	**-**	**146,221**	40,871	-	40,871
Interest income	**37,349**	**-**	**37,349**	-	-	-
In-kind contributions	**31,853**	**-**	**31,853**	2,891	-	2,891
Group events and membership dues	**1,533**	**-**	**1,533**	2,130	-	2,130
Net assets released from purpose restrictions	**330,197**	**(330,197)**	**-**	357,320	(357,320)	-
	3,084,593	**(71,672)**	**3,012,921**	3,052,361	448,295	3,500,656
Special events:						
Event contributions and support	**478,494**	**-**	**478,494**	482,014	41,500	523,514
Campaign releases appropriated for special events	**86,000**	**-**	**86,000**	76,000	-	76,000
Net assets released from time restrictions	**41,500**	**(41,500)**	**-**	8,500	(8,500)	-
	605,994	**(41,500)**	**564,494**	566,514	33,000	599,514
Less direct expenses	**109,843**	**-**	**109,843**	123,662	-	123,662
Net special events	**496,151**	**(41,500)**	**454,651**	442,852	33,000	475,852
Total operating revenue and support	**3,580,744**	**(113,172)**	**3,467,572**	3,495,213	481,295	3,976,508
Operating expenses:						
Program services	**2,895,286**	**-**	**2,895,286**	2,464,920	-	2,464,920
General and administrative	**248,505**	**-**	**248,505**	257,694	-	257,694
Fundraising	**388,135**	**-**	**388,135**	344,280	-	344,280
Total operating expenses	**3,531,926**	**-**	**3,531,926**	3,066,894	-	3,066,894
Change in net assets from operations before depreciation and amortization	**48,818**	**(113,172)**	**(64,354)**	428,319	481,295	909,614
Depreciation	**269,847**	**-**	**269,847**	290,145	-	290,145
Amortization of deferred financing costs	**58,092**	**-**	**58,092**	-	-	-
Change in net assets from operations	**(279,121)**	**(113,172)**	**(392,293)**	138,174	481,295	619,469
Other revenue (expenses):						
Comprehensive campaign contributions	**-**	**883,886**	**883,886**	-	5,193,849	5,193,849
Capital contributions	**-**	**-**	**-**	250,000	-	250,000
Other contributions	**-**	**50,000**	**50,000**	-	-	-
Investment earnings	**35,895**	**270,378**	**306,273**	4,434	92,589	97,023
In-kind services - capital	**-**	**-**	**-**	58,389	-	58,389
Scholarship fund contributions	**-**	**7,740**	**7,740**	-	3,030	3,030
Comprehensive campaign expenses	**-**	**-**	**-**	(17,567)	-	(17,567)
New market tax credit expenses	**(48,307)**	**-**	**(48,307)**	-	-	-
Investment earnings appropriated for operations	**(104,460)**	**-**	**(104,460)**	(365,819)	-	(365,819)
Campaign releases appropriated for operations	**(1,104,185)**	**-**	**(1,104,185)**	(588,000)	-	(588,000)
Net assets released from time restrictions	**100,404**	**(100,404)**	**-**	103,665	(103,665)	-
Net assets released from comprehensive campaign - capital	**4,372,936**	**(4,372,936)**	**-**	512,297	(512,297)	-
Net assets released from comprehensive campaign - other	**1,104,185**	**(1,104,185)**	**-**	638,000	(638,000)	-
Total other revenue (expenses)	**4,356,468**	**(4,365,521)**	**(9,053)**	595,399	4,035,506	4,630,905
Change in net assets	**4,077,347**	**(4,478,693)**	**(401,346)**	733,573	4,516,801	5,250,374
Net assets:						
Beginning of year	**5,375,192**	**11,329,968**	**16,705,160**	4,641,619	6,813,167	11,454,786
End of year	**$ 9,452,539**	**$ 6,851,275**	**$ 16,303,814**	$ 5,375,192	$ 11,329,968	$ 16,705,160

See notes to consolidated financial statements

West End House, Inc. d/b/a West End House Boys and Girls Club of Allston-Brighton and West End House Support, Inc.

Consolidated Statements of Functional Expenses
Years Ended December 31, 2017 and 2016

	2017				2016			
	Program Services	**General and Administrative**	**Fundraising**	**Total**	Program Services	General and Administrative	Fundraising	Total
Salaries and related:								
Salaries	**$ 1,577,088**	**$ 89,610**	**$ 291,060**	**$ 1,957,758**	$ 1,310,354	$ 82,564	$ 252,477	$ 1,645,395
Employee benefits	**210,249**	**12,398**	**40,522**	**263,169**	158,345	10,243	31,232	199,820
Payroll taxes	**132,634**	**7,755**	**25,280**	**165,669**	112,097	7,089	21,539	140,725
Contract services	**27,890**	**-**	**-**	**27,890**	62,145	-	-	62,145
Staff development	**48,160**	**-**	**-**	**48,160**	44,242	-	-	44,242
Stipends	**16,523**	**-**	**-**	**16,523**	15,835	-	-	15,835
Total salaries and related	**2,012,544**	**109,763**	**356,862**	**2,479,169**	1,703,018	99,896	305,248	2,108,162
Occupancy:								
Utilities	**172,594**	**5,450**	**3,634**	**181,678**	160,689	5,074	3,383	169,146
Repairs and maintenance	**155,136**	**4,400**	**15,219**	**174,755**	155,858	6,798	5,202	167,858
Interest	**136,805**	**7,200**	**-**	**144,005**	53,382	2,810	-	56,192
Insurance	**27,346**	**1,439**	**-**	**28,785**	29,276	1,538	-	30,814
Total occupancy	**491,881**	**18,489**	**18,853**	**529,223**	399,205	16,220	8,585	424,010
Other:								
Professional fees	**76,550**	**92,043**	**-**	**168,593**	74,750	87,011	25,050	186,811
Program supplies and other	**84,354**	**-**	**60**	**84,414**	106,129	-	47	106,176
Food	**84,553**	**-**	**-**	**84,553**	78,075	-	-	78,075
Bad debts	**-**	**25,000**	**-**	**25,000**	-	50,700	-	50,700
Scholarships	**36,250**	**-**	**-**	**36,250**	42,000	-	-	42,000
Dues and subscriptions	**18,349**	**1,365**	**1,755**	**21,469**	17,173	1,813	180	19,166
Miscellaneous	**18,136**	**671**	**382**	**19,189**	14,664	1,100	372	16,136
Telephone	**15,759**	**498**	**331**	**16,588**	10,311	112	211	10,634
Postage and printing	**9,354**	**310**	**9,229**	**18,893**	4,667	101	3,785	8,553
Office supplies	**7,031**	**222**	**163**	**7,416**	7,571	224	184	7,979
Transportation	**8,672**	**144**	**500**	**9,316**	4,889	94	618	5,601
Donated goods and services	**31,853**	**-**	**-**	**31,853**	2,468	423	-	2,891
Total other	**390,861**	**120,253**	**12,420**	**523,534**	362,697	141,578	30,447	534,722
Total expenses before depreciation	**2,895,286**	**248,505**	**388,135**	**3,531,926**	2,464,920	257,694	344,280	3,066,894
Depreciation	**256,355**	**8,095**	**5,397**	**269,847**	269,832	14,510	5,803	290,145
Amortization of deferred financing costs	**58,092**	**-**	**-**	**58,092**	-	-	-	-
Total operating expenses	**$ 3,209,733**	**$ 256,600**	**$ 393,532**	**$ 3,859,865**	$ 2,734,752	$ 272,204	$ 350,083	$ 3,357,039

See notes to consolidated financial statements.

West End House, Inc. d/b/a West End House Boys and Girls Club of Allston-Brighton and West End House Support, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ (401,346)	$ 5,250,374
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Comprehensive campaign contributions	(883,886)	(5,193,849)
Depreciation	269,847	290,145
Amortization of deferred financing costs	58,092	-
Bad debts	25,000	50,700
Realized and unrealized (gain) loss on investments, net	(269,237)	(62,011)
Donated stock	(118,038)	(972,799)
Proceeds from donated stock	6,177	35,739
In-kind services - capital	-	(58,389)
Changes in operating assets and liabilities:		
Pledges, grants, and other receivable	2,196,407	(468,824)
Contracts receivable	(82,814)	39,573
Prepaid expenses	(5,667)	3,216
Accounts payable and accrued expenses	(77,634)	33,235
Net cash provided by (used in) operating activities	716,901	(1,052,890)
Cash flows from investing activities:		
Purchases of property and equipment	(4,898,920)	(513,646)
Purchases of assets limited as to use	(6,144,537)	-
Notes receivable issued	(8,210,000)	-
Proceeds from sale of investments	2,074,283	664,037
Purchase of investments	(2,112,228)	(1,500,126)
Net cash used in investing activities	(19,291,402)	(1,349,735)
Cash flows from financing activities:		
Principal payments on notes and mortgage payable	(2,877,460)	(152,750)
Proceeds from notes and mortgage payable	17,916,622	-
Financing costs incurred	(549,974)	-
Proceeds from line of credit	300,000	-
Proceeds from sale of donated securities	111,866	937,060
Comprehensive campaign contributions	883,886	4,162,653
Net cash provided by financing activities	15,784,940	4,946,963
Net change in cash and cash equivalents	(2,789,561)	2,544,338
Cash and cash equivalents:		
Beginning of year	3,669,685	1,125,347
End of year	$ 880,124	$ 3,669,685
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 144,005	$ 56,192
Construction in progress included in accounts payable	$ 2,657,595	$ -

See notes to consolidated financial statements.

Note 1. Summary of Significant Accounting Policies

Organization and purpose: The mission of West End House, Inc. d/b/a West End House Boys and Girls Club of Allston-Brighton (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. The Club is an independent Boys and Girls Club in Boston that provides outcome-driven programs to Boston youth residing in the most underserved neighborhoods. These high-impact programs provide opportunities in critical areas of youth development, ensuring that young people most in need are succeeding academically, exploring the arts, developing career readiness skills, and adopting healthy lifestyles.

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 career development; academic and college success; fitness and nutrition; and visual and performing arts. In support of these programs, the Club also serves nearly 2,000 healthy hot meals to members every week. The Club offers services during the school day through a partnership with the Jackson/Mann K-8 School (Jackson/Mann), a Boston public school. The program originated after the Jackson/Mann was selected to be in the City of Boston's Mayor's Extended Learning Time (ELT) initiative. For three days per week, during the school day, in three one-hour blocks (one hour per student group), all 1st through 8th grade students, including a group of students with autism, from Jackson/Mann are served through this initiative. Students arrive at the Club during the school day to engage in the programming led and delivered by the Club staff including educational enrichment, visual arts, life skills, fitness, music, and video.

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 275 Club members, with plans to increase to 350 over the next three years.

During the year ended December 31, 2017, West End House Support, Inc. (WEHS), a supporting organization of the Club, was created for the benefit of, to perform the function of, and to carry out the purpose of the Club with respect to its long-term facility needs, including securing funds to support those needs.

During the year ended December 31, 2017, the Club integrated New Markets Tax Credits (NMTC) into the financing of the Comprehensive Campaign described in Note 10, and related expansion and renovations of the Club’s building facility. Due to the location of the property and the measureable economic and community benefits of the project, the Club qualified for this special federal and state tax funding. The ownership of the Club’s property was transferred to WEHS.

The Club and WEHS are 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 (IRC). The Club and WEHS are also exempt from state income taxes. Contributions made to the Club are deductible by donors within the requirements of the IRC.

Note 1. Summary of Significant Accounting Policies (Continued)

The financial statements include the consolidated accounts of the Club and WEHS, which are affiliated through common management (collectively the Organization). Intercompany transactions and accounts have been eliminated upon consolidation.

Basis of accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting. A summary of the significant accounting policies applied in the preparation of the financial statements follows.

Basis of presentation: The Organization prepares its financial statements in accordance with accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP") that the Organization follows to ensure its financial position, results of activities, and cash flows are consistently reported. References to GAAP in these footnotes are to the FASB Accounting Standards Codification ("ASC").

Under FASB ASC 958, Not-for-Profit Entities, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include amounts designated by the Board of Directors (the "Board") for future use.

Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Temporarily restricted net assets also include, under Massachusetts law, funds not yet appropriated by the Board, generally representing cumulative interest, dividends, appreciation and reinvested gains and losses on permanently restricted endowment funds, which are subject to prudent appropriation by the Board in accordance with donor use restrictions and provisions of Massachusetts law.

Permanently restricted net assets represent the principal amount of contributions accepted with the stipulation from the donor that the principal be maintained in perpetuity and only the income from investments thereof be expended for other general purposes or a purpose specified by the donor. The Organization does not have any permanently restricted net assets as of December 31, 2017 and 2016.

Revenue recognition: Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions or time restrictions. Expenses are reported as decreases in unrestricted net assets.

- Unrestricted grants and contributions from foundations, corporations, and individuals 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.

Note 1. Summary of Significant Accounting Policies (Continued)

- 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, rental fees, and other revenue are recognized when earned.

- 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 fair value changes during the period (see Note 2).

Statements of activities and changes in net assets: Transactions deemed by management to be ongoing, major or central to the provision of program services are reported as operating revenue and support and operating expenses in the accompanying statements of activities and changes in net assets. Non-operating revenue (expenses) includes activity related to the comprehensive campaign (see Note 12), capital grants for long-lived assets, scholarship and endowment contributions, investment activity (see Note 2), and other income.

Cash and cash equivalents: For the purpose of the statements of cash flows, management considers all cash and unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Assets limited to use: This consists of reserve accounts set aside for construction disbursements and Low Income Investment Fund interest payments.

Accounts receivable: The Organizations reports its accounts receivable at cost less an allowance for uncollectible accounts. Allowance for uncollectible accounts is 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 December 31, 2017 and 2016.

Property and equipment and depreciation: Property and equipment 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 expensed as incurred. Property and equipment are depreciated using the straight-line method over estimated useful lives and consist of the following at December 31:

	Estimated Useful Lives	2017	2016
Building and improvements	10 and 40 years	$ 7,930,342	$ 7,943,474
Furniture and equipment	3 – 10 years	521,333	574,330
Construction in progress	N/A	8,432,248	875,734
Land	N/A	25,374	25,374
		16,909,297	9,418,912
Less accumulated depreciation		(3,908,240)	(3,704,519)
Net property and equipment		$ 13,001,057	$ 5,714,393

Note 1. Summary of Significant Accounting Policies (Continued)

As of December 31, 2017 and 2016, construction in progress represented costs incurred for the Organization's building renovations in conjunction with its comprehensive campaign (see Note 12). The estimated cost to complete the project is approximately $5,800,000, as of December 31, 2017 and is expected to be completed in June 2018.

Substantially all property and equipment are pledged as collateral in connection with the mortgage payable, notes payable and the line of credit agreement (see Notes 5, 6 and 7).

Impairment of long-lived assets: Long-lived assets, which consist primarily of property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. When such events occur, the Organization compares the carrying amounts of the assets to the undiscounted expected future cash flows over the remaining life of the assets. If this comparison indicates that there may be impairment, the amount of impairment is calculated as the difference between the carrying value and fair value. During the years ended December 31, 2017 and 2016, no impairment indicators were identified.

Fair value measurements: The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity.

Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2: Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable and which require significant judgment or estimation.

An 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.

Note 1. Summary of Significant Accounting Policies (Continued)

Investments: The Organization records its investments at fair value. If an investment is directly held by the Organization and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. The Organization's interest in limited partnerships is generally reported at the net asset value (NAV) reported by fund managers, which is used as practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of December 31, 2017, the Organization had no plans to sell investments at amounts different from NAV. Certain investments in limited partnerships do not qualify to use the NAV as a practical expedient, these investments are reported at their estimated fair value and are classified as Level 3.

The carrying value of all other qualifying assets and liabilities does not differ materially from its estimated fair value. These qualifying assets and liabilities are considered Level 1 in the fair value hierarchy.

The Organization'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 Organization's investments. Under this policy, funds are invested to produce a relatively high level of income commensurate with prudent diversification and moderate risks. Investment returns are achieved through both capital appreciation (realized and unrealized) and current income (interest and dividends). In accordance with the Organization's annual investment spending policy, annual withdrawals of the Endowment, and Board designated funds (collectively, the Funds) (see Note 8) shall not exceed an amount equal to four percent of the average market value of the Funds over a rolling three-year period ending on October 31st of the previous fiscal year, unless otherwise authorized by the Board of Directors. Annual withdrawals of the Scholarship fund shall also not exceed more than four and one half percent of the average market value of the Scholarship fund (see Note 8) over a three-year period ending October of each fiscal year, unless otherwise authorized by the Board of Directors.

During the years ended December 31, 2017, and 2016, the Organization appropriated for operations $104,460 and $107,877, respectively, of the funds (see Note 8) under the Organization'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 December 31, 2017 and 2016.

Contributions: Contributions received, including unconditional pledges, are initially recorded at fair value as revenues in the period the donor's commitments are received. Unconditional pledges receivable in future periods are included in the financial statements as pledges receivable. Unconditional pledges receivable are recognized at the estimated net present value using a discount rate commensurate with the risk involved, and net of an allowance for uncollectible amounts. Amortization of the discount is recorded as contribution revenue in the appropriate net asset class. Conditional promises to give are recorded when donor stipulations are substantially met.

The methodology for calculating the allowance for uncollectible pledges includes management's review of individually significant outstanding pledges, analysis of the aging of payment schedules for all outstanding pledges, as well as other factors, including current economic conditions.

The Organization evaluates unconditional promises to give for changes in the quantity or nature of promised assets. If the fair value of a contribution receivable decreases because of changes in the quantity or nature of assets expected to be received, the decrease is recognized in the period in which the expectation changes and an allowance for uncollectible pledges is reported as an expense or loss in the net asset class in which the net assets are represented.

Contributions received with donor-imposed restrictions that are met in the same year they are received are reported as revenues of the temporarily restricted net asset class. A reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

Note 1. Summary of Significant Accounting Policies (Continued)

In-kind contributions: During the years ended December 31, 2017 and 2016, the Organization received $31,853 and $2,891, 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 2016, the Organization also received $58,389 of donated legal services associated with the renovation of its facility, which is shown as in-kind services - capital in the accompanying statement of activities and changes in net assets.

During the years ended December 31, 2017 and 2016, the Organization had volunteers who donated their time to the Organization'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.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. 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.

Use of 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.

Reclassifications: Certain amounts in the December 31, 2016 financial statements were reclassified to conform to the December 31, 2017 presentation.

Income taxes: The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, Income Taxes. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at December 31, 2017 and 2016. The Organization's tax returns are subject to examination by the Federal and state jurisdictions. With few exceptions, the Organization is no longer subject to income tax examinations by the United States federal, state, or local tax authorities for the years before 2014.

Recently issued accounting pronouncements: In November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments," which will make eight targeted changes to how cash receipts and cash payments are presented and classified in the statement of cash flows. The ASU will be effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. Entities must apply the ASU retrospectively to all periods presented, but may apply it prospectively if retrospective application would be impracticable. The Organization is currently evaluating the impact the adoption of this guidance will have on its consolidated statement of cash flows.

Note 1. Summary of Significant Accounting Policies (Continued)

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 is effective for annual periods, and interim periods within those years, beginning after December 15, 2018, with early adoption permitted. ASU 2016-15 requires a retrospective transition method. However, if it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. The Organization is currently evaluating the impact the adoption of this guidance will have on its consolidated statement of cash flows.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions”, and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Organization is currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The Organization is in currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Organization has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the consolidated financial statements.

Note 2. Investments

Investments are presented in the accompanying financial statements at fair value. The Organization's investments consist of the following at December 31:

	2017			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 385,004	$ -	$ -	$ 385,004
Equities:				
International developed	262,728	-	-	262,728
U.S. large cap	1,002,421	-	-	1,002,421
All cap opportunity		-	-	
Others	851,117	-	-	851,117
Fixed income:				
Investment grade taxable	657,916	-	-	657,916
International developed bonds	238,944	-	-	238,944
Others	48,688	-	-	48,688
Limited liability partnerships	-	-	21,917	21,917
	$ 3,446,818	$ -	$ 21,917	$ 3,468,735
Limited liability partnership				275,364
Total investments				$ 3,744,099

	2016			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 225,757	$ -	$ -	$ 225,757
Equities:				
International developed	218,943	-	-	218,943
U.S. large cap	471,751	-	-	471,751
All cap opportunity	157,775	-	-	157,775
Others	635,335	-	-	635,335
Fixed income:				
Investment grade taxable	760,675	-	-	760,675
International developed bonds	47,456	-	-	47,456
Others	8,433	-	-	8,433
	$ 2,526,125	$ -	$ -	2,526,125
Limited liability partnership (a)				910,793
Total investments				$ 3,436,918

(a) In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient (PE) have not been classified within the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy amounts to amounts presented in the consolidated statements of financial position.

Note 2. Investments (Continued)

The changes in assets measured at fair value for which the Institution has used Level 3 inputs to determine fair value are as follows:

	Limited Liability Partnership
Balance, December 31, 2016	$ -
Transfer from investments measured using NAV PE	649,508
Distributions received	(658,316)
Investment return	30,725
Balance, December 31, 2017	$ 21,917

During the year ended December 31, 2017 $649,508 were transferred in to Level 3 within the fair value hierarchy due to the funds no longer qualifying to utilize the NAV as the PE.

The Organization uses the NAV as a practical expedient to determine the fair value of all the underlying investments, which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company. The following table lists investments in investment companies by major category at December 31, 2017 and 2016.

	2017 NAV in Funds	2016 NAV in Funds	2017 Number of Funds	2016 Number of Funds	Dollar Amount of Unfunded Commitments	Redemption Frequency	Redemption Restrictions	Restrictions in Place at Year End
Limited Partnerships (a)(b)	$ 275,364	$ 910,793	1	3	$ -	Quarterly	45-90 days notice	None

(a) The fund has an objective to provide superior return through its investment strategy focused on the credit markets. Investments are thoroughly researched and driven by fundamental analysis combined with identification of relative value, event-driven, and arbitrage opportunities.

(b) The fund's objective is to seek above-average returns through an opportunistic event-driven value strategy.

Investment earnings (loss) consist of the following at December 31:

	2017	2016
Realized loss	$ 51,820	$ (30,926)
Unrealized gain	217,417	92,937
Interest and dividends, net of related fees	37,036	35,012
	$ 306,273	$ 97,023

Investment fees were $26,191 and $23,056 for the years ended December 31, 2017 and 2016, respectively.

The Organization 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.

Note 3. Comprehensive Campaign, Pledges, Grants, and Other Receivables

The Organization launched a Comprehensive Campaign to expand the facilities to keep pace with the growth in Club membership. The expansion project commenced in the spring of 2017 and is expected to be completed in June 2018. The project has been funded with financing from new market tax credits and proceeds of the Comprehensive Campaign efforts. Pledges and grants receivable are recorded at their net present value when unconditionally committed. As of December 31, 2017 there were 4 donors whose pledges represented approximately 68% of the gross outstanding pledge receivable balance. As of December 31, 2016 there were 6 donors whose pledges represented 86% of the gross outstanding pledge balance.

Pledges, grants, and other receivables were due as follows at December 31:

	2017	2016
Due within one year	$ 2,523,662	$ 2,935,969
Due one to five years	$ 725,029	$ 2,557,540
Less discount	21,885	70,295
	$ 703,144	$ 2,487,245

Pledges due beyond one year have been discounted using a 2% discount rate.

Note 4. Note Receivable

On April 11, 2017, the Club entered into a Promissory Note (the Note) in the principal amount of $8,210,000, with Chase NMTC West End Investment Fund, LLC (the Investment Fund). The proceeds of the Note were invested by the Investment Fund into LIIF Sub-CDE XLI, LLC and CNMC Sub-CDE 133, LLC (collectively the CDE's) who loaned the funds to West End House Support, Inc. The term of the note is 25 years and accrues interest at a fixed rate of 1.0% per annum. Commencing on June 15, 2017 and continuing on the 15th day of the last month of each calendar quarter thereafter through and including March 15, 2024, the Investment Fund will pay interest. Commencing June 15, 2024 and continuing on the 15th day of the last month of each calendar quarter and thereafter up to the maturity date of December 31, 2042, the Investment Fund will pay quarterly installments of principal and accrued interest through the end of the month in which the payment date falls. The amount of the total installments of principal and interest payable will be equal to the amount necessary to fully amortize the unpaid principal balance of the loan as of the maturity date. The Note is secured by a pledge of the Investment Fund's membership interests in the CDE's.

Note 5. Line of Credit

During the year ended December 31, 2017, the Organization entered into a new line of credit agreement, which had available for its use $1,000,000. As of December 31, 2017, $300,000 was outstanding on the line of credit agreement. Interest on outstanding borrowings is at the bank's prime lending rate (4.50% at December 31, 2017), plus 1%, with a floor of 4.75%, and payable monthly. The line of credit is collateralized by a security interest in all business assets and expires in April 2019. The line of credit is subject to various financial covenants including a leverage ratio a debt service coverage ratio. The debt service coverage ratio covenant is not in effect until the year ended December 31, 2018.

Note 5. Line of Credit (Continued)

For the fiscal year ending December 31, 2016, the Organization had available for its use a $500,000 bank line of credit. The line of credit was cross-collateralized with a mortgage note payable (see Note 6) and was scheduled to expire in February 2018. The line bore interest at the prime lending rate (3.75% at December 31, 2016), plus 1%, with a floor of 4.25%. There was no outstanding balance at December 31, 2016, and this line was closed during 2017.

Note 6. Mortgage Payable

On March 10, 2010, the Organization executed a 4% mortgage note payable with a bank, due in monthly installments of principal and interest of $13,234. The note, which was secured by the building and an assignment of all pledges relating to the building and improvements, was scheduled to mature in September 2027. There was an outstanding balance of $1,387,328 as of December 31, 2016, which was paid off on April 11, 2017.

On April 10, 2017, the Organization executed a promissory note with the Low Income Investment Fund (LIIF) for $1,425,000, which bears interest at a fixed rate equal to 5.75% and matures on April 10, 2024. On June 5, 2017, a payment of $24,256 was made representing the first principal and interest payment for the period from April 10, 2017 through and including June 30, 2017. Commencing on September 5, 2017, and continuing on the 5th day of each December, March, June and September, the Organization will make payments of $26,952 in principal and interest with each payment made partially in arrears and partially in advance of the calendar quarter during which the payment date occurs.

The maturities of the mortgage payable over the next five years are as follows:

	Mortgage Payments
2018	$ 27,589
2019	29,210
2020	30,927
2021	32,744
2022	34,667
Thereafter	1,250,180
	$ 1,405,317

Note 7. Notes Payable

On April 11, 2017, the Organization entered into bridge loan agreements with LIIF and Salem Five Cents Savings Bank (Salem Bank) for a maximum principal amount of up to $2,500,000 each. The Salem Bank bridge loan has an initial maturity date of April 11, 2020 with options to extend, and bears a fixed interest rate of 3.61% through April 10, 2019, which subsequently resets annually based on the Federal Home Loan Bank of Boston One Year Classic Regular Advance Rate plus 190 basis points. Interest payments are made monthly from the LIIF Interest Reserve, with principal payments made based on a schedule of expected Capital Campaign pledge payments.

The LIIF bridge loan has a maturity date of April 11, 2020, and bears a fixed rate of 5.30% through April 10, 2019, and subsequently is subject to reset based on the then-current index. Interest accrues in arrears on the outstanding principal balance and payments are due and made monthly as advances from the Debt Service Holdback Amount. Principal payments are made based on a schedule of expected Capital Campaign pledge payments.

Note 7. Notes Payable (Continued)

On April 11, 2017, the Organization also signed promissory notes (the QLICI Notes), the proceeds of which are used to fund the Organization's building expansion and related costs. All QLICI Notes accrue interest at the rate of 1.155% per annum and mature on March 31, 2050 or the date on which the unpaid principal balance of the notes become due and payable by acceleration caused by default. Commencing on July 1, 2017 and continuing on the 1st day of each July, October, January and April thereafter up to and including April 1, 2024, the Organization will pay interest only on the outstanding principal amount of the QLICI Notes quarterly for the quarter ending in the month of the payment date. Commencing on July 1, 2024 and continuing on the 1st day of each July, October, January and April thereafter up to the maturity date, the Organization will pay quarterly for the quarter ending in the month of the payment, accrued interest and principal in an amount sufficient to fully amortize the outstanding principal balance of the QLICI Notes as of the maturity date. Interest paid on the QLICI Notes was $101,393 for the year ended December 31, 2017.

Under the terms of the agreement, the QLICI Notes are secured by all assets of Organization. The Organization is subject to certain negative and affirmative covenants under the terms of the agreement. The Organization was in compliance with these covenants at December 31, 2017.

The balances outstanding at December 31, 2017 for notes payable are as follows:

Lender	Description	Amount
LIIF SUB-CDE XLI, LLC	QLICI Loan A	$ 7,553,200
LIIF SUB-CDE XLI, LLC	QLICI Loan B	3,601,800
Chase New Market Corporation SUB-CDE 133, LLC	QLICI Loan A	656,800
Chase New Market Corporation SUB-CDE 133, LLC	QLICI Loan B	343,200
Salem Five Cents Savings Bank	Bridge Loan	1,445,703
LIIF	Bridge Loan	1,425,010
		15,025,713
Less debt issuance costs, net		(496,422)
		$ 14,529,291

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

	Principal Payments	Amortization of Deferred Financing Costs	Total
2018	$ 1,912,500	$ 79,216	$ 1,991,716
2019	958,213	79,216	1,037,429
2020	-	79,216	79,216
2021	-	79,216	79,216
2022	-	79,216	79,216
Thereafter	12,155,000	100,342	12,255,342
	$ 15,025,713	$ 496,422	$ 15,522,135

Note 8. Net Assets

Unrestricted net assets: Unrestricted net assets consist of the following:

Operating: represent amounts relating to program and other operating activities, which bear no external restrictions.

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

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

Real estate development: reflect amounts expended and resources available for property and equipment, net of related debt.

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:

	2017	2016
Program restricted	$ 773,512	$ 843,988
Scholarships	245,923	222,434
Time restricted	72,930	65,625
Comprehensive campaign	3,597,057	8,190,293
Endowment fund	2,161,853	2,007,628
	$ 6,851,275	$ 11,329,968

Investment earnings on the Endowment Fund (the Fund) are recorded as temporarily restricted net assets as specified by the donors. Interest and dividends and net investment gain/(loss) on the Fund was $243,409 and $84,129 for the years ended December 31, 2017 and 2016, respectively. These amounts are included in investment earnings in the accompanying statements of activities and changes in net assets. The term endowment is an internal term not used in the traditional manner that would otherwise indicate permanently restricted net assets. The Organization is not required to permanently maintain any portion of the Fund.

Note 8. Net Assets (Continued)

Changes in endowment net assets by class are as follows for the years ended December 31, 2017 and 2016:

	Unrestricted Board-Designated	Temporarily Restricted Endowment	Total Endowment
Endowment net assets, December 31, 2015	$ 98,971	$ 2,017,230	$ 2,116,201
Investment return:			
Interest and dividends	1,552	29,479	31,031
Net realized and unrealized gains	2,876	54,650	57,526
Total investment return	4,428	84,129	88,557
Appropriation of endowment assets for expenditure	(4,212)	(93,731)	(97,943)
Endowment net assets, December 31, 2016	99,187	2,007,628	2,106,815
Investment return:			
Interest and dividends	1,454	29,434	30,888
Net realized and unrealized gains	10,571	213,975	224,546
Total investment return	12,025	243,409	255,434
Appropriation of endowment assets for expenditure	(4,056)	(89,184)	(93,240)
Endowment net assets, December 31, 2017	$ 107,156	$ 2,161,853	$ 2,269,009

Note 9. Concentration of Credit Risk

The Organization maintains its cash balances in a Massachusetts bank. The Federal Deposit Insurance Corporation insures balances up to certain amounts. During the years ended December 31, 2017 and 2016, the Organization's cash balances exceeded the insured amounts. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on its cash.

Note 10. Pension Plan

The Organization 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 Organization contributes annually up to 10% of each employee's annual salary, as defined in the Plan document. The Organization's contributions in the participant's account are 100% vested after three years of service. Pension expense was $93,397 and $74,786 for the years ended December 31, 2017 and 2016, respectively, which is included in employee benefits in the accompanying statements of functional expenses.

Note 11. Related Party Transactions

The Organization's Executive Director is on the Board of Directors for other nonprofit organizations. During 2017, the Organization received $10,000 in contributions from these organizations, which is included in corporate/foundation grants. During 2016, the Organization received $4,300 in contributions from these organizations, which is included in corporate/foundation grants.

Note 12. Comprehensive Campaign

In August 2014, the Board approved a $22 million comprehensive campaign to raise funds for building renovation and expansion, capital growth, program support, and other initiatives. In 2017 and 2016, campaign contributions were $883,886 and $5,193,849, respectively. The Organization capitalized $4,372,936 and $570,686 in construction in progress costs in 2017 and 2016, respectively, as part of the campaign initiatives.

Note 13. Subsequent Events

Subsequent events have been evaluated through June 29, 2018, which is the date the financial statements were available to be issued.

West End House, Inc. d/b/a West End House Boys and Girls Club of Allston-Brighton and West End House Support, Inc.

Consolidating Statement of Financial Position
December 31, 2017

	West End House, Inc.			West End House Support, Inc.				Totals		
Assets	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	Eliminations	Unrestricted	Temporarily Restricted	Consolidated Total
Current assets:										
Cash and cash equivalents	$ 416,073	$ 464,049	$ 880,122	$ 2	$ -	$ 2	$ -	$ 416,075	$ 464,049	$ 880,124
Assets limited to use	-	-	-	6,144,537	-	6,144,537	-	6,144,537	-	6,144,537
Due from affiliate	39,381	-	39,381	-	-	-	(39,381)	-	-	-
Current portion of pledges, grants, and other receivable	245,031	2,278,631	2,523,662	-	-	-	-	245,031	2,278,631	2,523,662
Contracts receivable	77,529	-	77,529	-	-	-	-	77,529	-	77,529
Prepaid expenses	30,711	-	30,711	-	-	-	-	30,711	-	30,711
Total current assets	808,725	2,742,680	3,551,405	6,144,539	-	6,144,539	(39,381)	6,913,883	2,742,680	9,656,563
Pledges and grants receivable, net of current portion and discount	-	703,144	703,144	-	-	-	-	-	703,144	703,144
Investments	338,648	3,405,451	3,744,099	-	-	-	-	338,648	3,405,451	3,744,099
Property and equipment, net of accumulated depreciation	-	-	-	13,001,057	-	13,001,057	-	13,001,057	-	13,001,057
Note receivable	8,210,000	-	8,210,000	-	-	-	-	8,210,000	-	8,210,000
Total assets	$ 9,357,373	$ 6,851,275	$ 16,208,648	$ 19,145,596	$ -	$ 19,145,596	$ (39,381)	$ 28,463,588	$ 6,851,275	$ 35,314,863
Liabilities and Net Assets										
Current liabilities:										
Due to affiliate	-	-	-	39,381	-	39,381	(39,381)	-	-	-
Current portion of mortgage payable, net	-	-	-	27,589	-	27,589	-	27,589	-	27,589
Current portion of notes payable, net	1,912,500	-	1,912,500	(79,216)	-	(79,216)	-	1,833,284	-	1,833,284
Accounts payable and accrued expenses	158,127	-	158,127	2,618,314	-	2,618,314	-	2,776,441	-	2,776,441
Total current liabilities	2,070,627	-	2,070,627	2,606,068	-	2,606,068	(39,381)	4,637,314	-	4,637,314
Line of credit	300,000	-	300,000	-	-	-	-	300,000	-	300,000
Mortgage payable, net of current portion	-	-	-	1,377,728	-	1,377,728	-	1,377,728	-	1,377,728
Notes payable, net of current portion	958,213	-	958,213	11,737,794	-	11,737,794	-	12,696,007	-	12,696,007
Total liabilities	3,328,840	-	3,328,840	15,721,590	-	15,721,590	(39,381)	19,011,049	-	19,011,049
Net assets:										
Unrestricted:										
Operating	130,687	-	130,687	-	-	-	-	130,687	-	130,687
Board designated	107,156	-	107,156	-	-	-	-	107,156	-	107,156
Capital reserve	494,048	-	494,048	-	-	-	-	494,048	-	494,048
Real estate development	5,296,642	-	5,296,642	3,424,006	-	3,424,006	-	8,720,648	-	8,720,648
Total unrestricted	6,028,533	-	6,028,533	3,424,006	-	3,424,006	-	9,452,539	-	9,452,539
Temporarily restricted:										
Purpose restricted	-	1,019,435	1,019,435	-	-	-	-	-	1,019,435	1,019,435
Time restricted	-	72,930	72,930	-	-	-	-	-	72,930	72,930
Comprehensive campaign	-	3,597,057	3,597,057	-	-	-	-	-	3,597,057	3,597,057
Endowment	-	2,161,853	2,161,853	-	-	-	-	-	2,161,853	2,161,853
Total temporarily restricted	-	6,851,275	6,851,275	-	-	-	-	-	6,851,275	6,851,275
Total net assets	6,028,533	6,851,275	12,879,808	3,424,006	-	3,424,006	-	9,452,539	6,851,275	16,303,814
Total liabilities and net assets	$ 9,357,373	$ 6,851,275	$ 16,208,648	$ 19,145,596	$ -	$ 19,145,596	$ (39,381)	$ 28,463,588	$ 6,851,275	$ 35,314,863

West End House, Inc. d/b/a West End House Boys and Girls Club of Allston-Brighton and West End House Support, Inc.

Consolidating Statement of Activities and Changes in Net Assets
Year Ended December 31, 2017

	West End House, Inc.			West End House Support, Inc.				Totals		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	Eliminations	Unrestricted	Temporarily Restricted	Consolidated Total
Operating revenue and support:										
Corporate/foundation grants and contributions	$ 854,958	$ 185,430	$ 1,040,388	$ -	$ -	$ -	$ -	$ 854,958	$ 185,430	$ 1,040,388
Campaign releases appropriated for operations	1,018,185	-	1,018,185	-	-	-	-	1,018,185	-	1,018,185
Government grants	282,118	38,095	320,213	-	-	-	-	282,118	38,095	320,213
Individual contributions	277,719	35,000	312,719	-	-	-	-	277,719	35,000	312,719
Investment earnings appropriated for operations	104,460	-	104,460	-	-	-	-	104,460	-	104,460
Rental fees and other	146,221	-	146,221	-	-	-	-	146,221	-	146,221
Interest income	-	-	-	37,349	-	37,349	-	37,349	-	37,349
In-kind contributions	31,853	-	31,853	-	-	-	-	31,853	-	31,853
Group events and membership dues	1,533	-	1,533	-	-	-	-	1,533	-	1,533
Net assets released from purpose restrictions	330,197	(330,197)	-	-	-	-	-	330,197	(330,197)	-
	3,047,244	(71,672)	2,975,572	37,349	-	37,349	-	3,084,593	(71,672)	3,012,921
Special events:										
Event contributions and support	478,494	-	478,494	-	-	-	-	478,494	-	478,494
Campaign releases appropriated for special events	86,000	-	86,000	-	-	-	-	86,000	-	86,000
Net assets released from time restrictions	41,500	(41,500)	-	-	-	-	-	41,500	(41,500)	-
	605,994	(41,500)	564,494	-	-	-	-	605,994	(41,500)	564,494
Less direct expenses	109,843	-	109,843	-	-	-	-	109,843	-	109,843
Net special events	496,151	(41,500)	454,651	-	-	-	-	496,151	(41,500)	454,651
Total operating revenue and support	3,543,395	(113,172)	3,430,223	37,349	-	37,349	-	3,580,744	(113,172)	3,467,572
Operating expenses:										
Program services	2,895,286	-	2,895,286	-	-	-	-	2,895,286	-	2,895,286
General and administrative	234,407	-	234,407	14,098	-	14,098	-	248,505	-	248,505
Fundraising	388,135	-	388,135	-	-	-	-	388,135	-	388,135
Total operating expenses	3,517,828	-	3,517,828	14,098	-	14,098	-	3,531,926	-	3,531,926
Change in net assets from operations before depreciation and amortization	25,567	(113,172)	(87,605)	23,251	-	23,251	-	48,818	(113,172)	(64,354)
Depreciation	80,156	-	80,156	189,691	-	189,691	-	269,847	-	269,847
Amortization of deferred financing costs	-	-	-	58,092	-	58,092	-	58,092	-	58,092
Change in net assets from operations	(54,589)	(113,172)	(167,761)	(224,532)	-	(224,532)	-	(279,121)	(113,172)	(392,293)
Other revenue (expenses):										
Comprehensive campaign contributions	-	883,886	883,886	-	-	-	-	-	883,886	883,886
Capital contributions	-	-	-	-	-	-	-	-	-	-
Other contributions	-	50,000	50,000	-	-	-	-	-	50,000	50,000
Investment earnings	35,895	270,378	306,273	-	-	-	-	35,895	270,378	306,273
In-kind services - capital	-	-	-	-	-	-	-	-	-	-
Scholarship fund contributions	-	7,740	7,740	-	-	-	-	-	7,740	7,740
Comprehensive campaign expenses	-	-	-	-	-	-	-	-	-	-
Contributions to West End House Support, Inc.	(3,682,073)	-	(3,682,073)	3,682,073	-	3,682,073	-	-	-	-
New market tax credit expenses, net	(14,772)	-	(14,772)	(33,535)	-	(33,535)	-	(48,307)	-	(48,307)
Investment earnings appropriated for operations	(104,460)	-	(104,460)	-	-	-	-	(104,460)	-	(104,460)
Campaign releases appropriated for operations	(1,104,185)	-	(1,104,185)	-	-	-	-	(1,104,185)	-	(1,104,185)
Net assets released from time restrictions	100,404	(100,404)	-	-	-	-	-	100,404	(100,404)	-
Net assets released from comprehensive campaign - capital	4,372,936	(4,372,936)	-	-	-	-	-	4,372,936	(4,372,936)	-
Net assets released from comprehensive campaign - other	1,104,185	(1,104,185)	-	-	-	-	-	1,104,185	(1,104,185)	-
Total other revenue (expenses)	707,930	(4,365,521)	(3,657,591)	3,648,538	-	3,648,538	-	4,356,468	(4,365,521)	(9,053)
Change in net assets	653,341	(4,478,693)	(3,825,352)	3,424,006	-	3,424,006	-	4,077,347	(4,478,693)	(401,346)
Net assets:										
Beginning of year	5,375,192	11,329,968	16,705,160	-	-	-	-	5,375,192	11,329,968	16,705,160
End of year	$ 6,028,533	$ 6,851,275	$ 12,879,808	$ 3,424,006	$ -	$ 3,424,006	$ -	$ 9,452,539	$ 6,851,275	$ 16,303,814