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

FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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

Contents
December 31, 2016 and 2015

AAFCPAs
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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of West End House, Inc. d/b/a West End House Boys and Girls Clubs of Allston-Brighton (a Massachusetts nonprofit corporation) which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the 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 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 audits 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 West End House, Inc. d/b/a West End House Boys and Girls Clubs of Allston-Brighton as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

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

Boston, Massachusetts
August 3, 2017

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

Statements of Financial Position
December 31, 2016 and 2015

	2016			2015		
Assets	**Unrestricted**	**Temporarily Restricted**	**Total**	**Unrestricted**	**Temporarily Restricted**	**Total**
Current Assets:						
Cash and cash equivalents	$ 654,166	$ 3,128,840	$ 3,783,006	$ 254,071	$ 871,276	$ 1,125,347
Current portion of pledges and grants receivable	249,629	2,573,018	2,822,647	270,105	1,729,405	1,999,510
Contracts receivable	19,715	-	19,715	59,288	-	59,288
Prepaid expenses	25,044	-	25,044	28,260	-	28,260
Total current assets	948,554	5,701,858	6,650,412	611,724	2,600,681	3,212,405
Pledges and Grants Receivable, net of current portion and discount	-	2,487,245	2,487,245	-	1,974,383	1,974,383
Investments	296,053	3,140,865	3,436,918	300,715	2,238,103	2,538,818
Property and Equipment, net of accumulated depreciation	5,714,393	-	5,714,393	5,432,503	-	5,432,503
Total assets	$ 6,959,000	$ 11,329,968	$ 18,288,968	$ 6,344,942	$ 6,813,167	$ 13,158,109
Liabilities and Net Assets						
Current Liabilities:						
Current portion of note payable	$ 105,570	$ -	$ 105,570	$ 105,714	$ -	$ 105,714
Accounts payable and accrued expenses	196,480	-	196,480	163,245	-	163,245
Total current liabilities	302,050	-	302,050	268,959	-	268,959
Note Payable, net of current portion	1,281,758	-	1,281,758	1,434,364	-	1,434,364
Total liabilities	1,583,808	-	1,583,808	1,703,323	-	1,703,323
Net Assets:						
Unrestricted:						
Operating	485,364	-	485,364	467,133	-	467,133
Board designated	99,187	-	99,187	98,971	-	98,971
Capital reserve	463,576	-	463,576	183,090	-	183,090
Property and equipment	4,327,065	-	4,327,065	3,892,425	-	3,892,425
Total unrestricted	5,375,192	-	5,375,192	4,641,619	-	4,641,619
Temporarily restricted:						
Purpose restricted	-	1,066,422	1,066,422	-	615,736	615,736
Time restricted	-	65,625	65,625	-	33,460	33,460
Comprehensive campaign	-	8,190,293	8,190,293	-	4,146,741	4,146,741
Endowment	-	2,007,628	2,007,628	-	2,017,230	2,017,230
Total temporarily restricted	-	11,329,968	11,329,968	-	6,813,167	6,813,167
Total net assets	5,375,192	11,329,968	16,705,160	4,641,619	6,813,167	11,454,786
Total liabilities and net assets	$ 6,959,000	$ 11,329,968	$ 18,288,968	$ 6,344,942	$ 6,813,167	$ 13,158,109

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 December 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Operating Revenue and Support:						
Special events:						
Event contributions and support	$ 482,014	$ 41,500	$ 523,514	$ 422,797	$ 8,500	$ 431,297
Campaign releases appropriated for special events	76,000	-	76,000	-	-	-
Net assets released from time restrictions	8,500	(8,500)	-	70,000	(70,000)	-
Less - direct expenses	123,662	-	123,662	124,932	-	124,932
Net special events	442,852	33,000	475,852	367,865	(61,500)	306,365
Corporate/Foundation grants and contributions	1,263,945	756,125	2,020,070	1,275,601	340,378	1,615,979
Campaign releases appropriated for operations	512,000	-	512,000	-	-	-
Government grants	283,036	18,571	301,607	284,504	16,098	300,602
Individual contributions	224,349	30,919	255,268	227,759	-	227,759
Investment earnings appropriated for operations	107,877	-	107,877	133,021	-	133,021
Rental fees and other	40,871	-	40,871	52,019	-	52,019
In-kind contributions	2,891	-	2,891	11,239	-	11,239
Group events and membership dues	2,130	-	2,130	2,205	-	2,205
Net assets released from purpose restrictions	357,320	(357,320)	-	386,214	(386,214)	-
Total operating revenue and support	3,237,271	481,295	3,718,566	2,740,427	(91,238)	2,649,189
Operating Expenses:						
Program services	2,464,920	-	2,464,920	2,093,801	-	2,093,801
General and administrative	257,694	-	257,694	209,877	-	209,877
Fundraising	344,280	-	344,280	290,876	-	290,876
Total operating expenses	3,066,894	-	3,066,894	2,594,554	-	2,594,554
Changes in net assets from operations before depreciation	170,377	481,295	651,672	145,873	(91,238)	54,635
Depreciation	290,145	-	290,145	286,438	-	286,438
Changes in net assets from operations	(119,768)	481,295	361,527	(140,565)	(91,238)	(231,803)
Other Revenue (Expenses):						
Comprehensive campaign contributions	-	5,193,849	5,193,849	74,531	4,146,741	4,221,272
Capital contributions	250,000	-	250,000	334,848	-	334,848
Investment earnings (loss)	4,434	92,589	97,023	(2,042)	(41,206)	(43,248)
In-kind services - capital	58,389	-	58,389	-	-	-
Scholarship Fund contributions	-	3,030	3,030	-	7,145	7,145
Comprehensive campaign expenses	(17,567)	-	(17,567)	(15,143)	-	(15,143)
Investment earnings appropriated for operations	(107,877)	-	(107,877)	(133,021)	-	(133,021)
Campaign releases appropriated for operations	(588,000)	-	(588,000)	-	-	-
Net assets released from time restrictions	103,665	(103,665)	-	127,636	(127,636)	-
Net assets released from comprehensive campaign - capital	512,297	(512,297)	-	-	-	-
Net assets released from comprehensive campaign - other	638,000	(638,000)	-	-	-	-
Total other revenue (expenses)	853,341	4,035,506	4,888,847	386,809	3,985,044	4,371,853
Changes in net assets	733,573	4,516,801	5,250,374	246,244	3,893,806	4,140,050
Net Assets:						
Beginning of year	4,641,619	6,813,167	11,454,786	4,395,375	2,919,361	7,314,736
End of year	$ 5,375,192	$ 11,329,968	$ 16,705,160	$ 4,641,619	$ 6,813,167	$ 11,454,786

The accompanying notes are an integral part of these statements.

WEST END HOUSE, INC.
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Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities:		
Changes in net assets	$ 5,250,374	$ 4,140,050
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Comprehensive campaign contributions	(5,193,849)	(4,146,741)
Depreciation	290,145	286,438
Bad debts	50,700	35,000
Realized and unrealized (gain) loss on investments, net	(62,026)	81,159
Donated investments	(972,799)	(40,034)
In-kind services - capital	(58,389)	-
Changes in operating assets and liabilities:		
Pledges and grants receivable	(355,503)	(66,253)
Contracts receivable	39,573	(20,659)
Prepaid expenses	3,216	(9,525)
Accounts payable and accrued expenses	33,235	8,722
Deferred revenue	-	(4,241)
Net cash provided by (used in) operating activities	(975,323)	263,916
Cash Flows from Investing Activities:		
Increase in property and equipment	(513,646)	(333,185)
Proceeds from sale of investments	1,636,836	1,711,648
Purchase of investments	(1,500,111)	(1,597,792)
Net cash used in investing activities	(376,921)	(219,329)
Cash Flows from Financing Activities:		
Principal payments on note payable	(152,750)	(88,726)
Comprehensive campaign contributions	4,162,653	707,358
Net cash provided by financing activities	4,009,903	618,632
Net Change in Cash and Cash Equivalents	2,657,659	663,219
Cash and Cash Equivalents:		
Beginning of year	1,125,347	462,128
End of year	$ 3,783,006	$ 1,125,347
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 56,192	$ 70,076

WEST END HOUSE, INC.
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Statements of Functional Expenses
For the Years Ended December 31, 2016 and 2015

	2016				2015			
	Program Services	General and Adminis-trative	Fundraising	Total	Program Services	General and Adminis-trative	Fundraising	Total
Salaries and Related:								
Salaries	$ 1,310,354	$ 82,564	$ 252,477	$ 1,645,395	$ 1,034,915	$ 73,425	$ 212,350	$ 1,320,690
Employee benefits	158,345	10,243	31,232	199,820	130,337	9,742	28,402	168,481
Payroll taxes	112,097	7,089	21,539	140,725	89,424	6,303	17,952	113,679
Contract services	62,145	-	-	62,145	81,608	-	-	81,608
Staff development	44,242	-	-	44,242	22,121	80	495	22,696
Stipends	15,835	-	-	15,835	9,047	-	-	9,047
Total salaries and related	1,703,018	99,896	305,248	2,108,162	1,367,452	89,550	259,199	1,716,201
Occupancy:								
Utilities	160,689	5,074	3,383	169,146	168,158	5,307	3,540	177,005
Repairs and maintenance	155,858	6,798	5,202	167,858	182,858	8,032	2,222	193,112
Interest	53,382	2,810	-	56,192	63,655	3,349	-	67,004
Insurance	29,276	1,538	-	30,814	25,414	1,335	-	26,749
Total occupancy	399,205	16,220	8,585	424,010	440,085	18,023	5,762	463,870
Other:								
Professional fees	74,750	87,011	25,050	186,811	71,500	64,682	21,563	157,745
Program supplies and other	106,129	-	47	106,176	63,769	-	184	63,953
Food	78,075	-	-	78,075	64,046	-	-	64,046
Bad debts	-	50,700	-	50,700	-	35,000	-	35,000
Scholarships	42,000	-	-	42,000	12,049	-	-	12,049
Dues and subscriptions	17,173	1,813	180	19,166	16,780	1,014	310	18,104
Miscellaneous	14,664	1,100	372	16,136	9,686	741	664	11,091
Telephone	10,311	112	211	10,634	7,851	251	165	8,267
Postage and printing	4,667	101	3,785	8,553	18,407	124	2,304	20,835
Office supplies	7,571	224	184	7,979	4,795	492	422	5,709
Transportation	4,889	94	618	5,601	6,142	-	303	6,445
Donated goods and services	2,468	423	-	2,891	11,239	-	-	11,239
Total other	362,697	141,578	30,447	534,722	286,264	102,304	25,915	414,483
Total expenses before depreciation	2,464,920	257,694	344,280	3,066,894	2,093,801	209,877	290,876	2,594,554
Depreciation	269,832	14,510	5,803	290,145	266,386	14,324	5,728	286,438
Total operating expenses	$ 2,734,752	$ 272,204	$ 350,083	$ 3,357,039	$ 2,360,187	$ 224,201	$ 296,604	$ 2,880,992

The accompanying notes are an integral part of these statements.

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS AND NONPROFIT STATUS

The mission of West End House, Inc. d/b/a West End House Boys and Girls Clubs 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.

In September 2015, the Club expanded its programming to offer 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.

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

SIGNIFICANT ACCOUNTING POLICIES

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

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

- 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.
- 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 and membership dues and rental fees and other 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 10), capital grants for long-lived assets, endowment contributions, investment activity (see Note 2), and other income.

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 December 31, 2016 and 2015.

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.

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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	2016	2015
Building and improvements	10 and 40 years	$ 7,943,474	$ 7,943,460
Furniture and equipment	3 - 10 years	574,330	572,996
Construction in progress	N/A	875,734	305,047
Land	N/A	25,374	25,374
		9,418,912	8,846,877
Less - accumulated depreciation		3,704,519	3,414,374
Net property and equipment		$ 5,714,393	$ 5,432,503

Construction in progress consisted of building renovations related to the comprehensive campaign (see Note 10).

Substantially all property and equipment are pledged as collateral in connection with a mortgage note payable and the line of credit agreement (see Notes 4 and 5).

In-Kind Contributions

During the years ended December 31, 2016 and 2015, the Club received $2,891 and $11,239, 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 Club 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, 2016 and 2015, 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.

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

The Club 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 Club would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Club 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 Club. 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.

Investments

The Club records its investments at fair value. If an investment is directly held by the Club 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 Club’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, 2016, the Club had no plans to sell investments at amounts different from NAV.

All Other Assets and Liabilities

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.

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Spending Policy (Continued)

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. Investment returns are achieved through both capital appreciation (realized and unrealized) and current income (interest and dividends).

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 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 also not exceed more than five 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 the years ended December 31, 2016, and 2015, the Club appropriated for operations $107,877 and $133,021, respectively, of the 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 December 31, 2016 and 2015.

Subsequent Events

Subsequent events have been evaluated through August 3, 2017, which is the date the financial statements were available to be issued.

Income Taxes

The Club 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 Club has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at December 31, 2016 and 2015. The Club's tax returns are subject to examination by the Federal and state jurisdictions.

Accounting Principle Adoption

In 2016, the Club received donated alternative investments and therefore adopted FASB Accounting Standards Update 2015-07 (ASU 2015-07) (see Note 4), *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent),* removing the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient (see Note 2).

2. INVESTMENTS

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

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 (see Accounting Principle Adoption note on page 10)				910,793
Total investments				$ 3,436,918

2015	Level 1	Level 2	Level 3	Total
Money market funds	$ 253,960	$ -	$ -	$ 253,960
Equities:				
International developed	300,862	-	-	300,862
U.S. large cap	389,069	-	-	389,069
Others	442,420	-	-	442,420
Fixed income:				
Investment grade taxable	1,112,933	-	-	1,112,933
International developed bonds	18,154	-	-	18,154
Others	21,420	-	-	21,420
Total investments	$ 2,538,818	$ -	$ -	$ 2,538,818

The fair value amounts presented in the above table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

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

	2016	2015
Realized loss	$ (30,911)	$ (98,144)
Unrealized gain	92,937	16,985
Interest and dividends, net of related fees	34,997	37,911
	$ 97,023	$ (43,248)

Investment fees were $23,094 and $24,580 for the years ended December 31, 2016 and 2015, respectively.

2. INVESTMENTS (Continued)

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 AND GRANTS RECEIVABLE

Pledges and grants receivable are recorded at their net present value when unconditionally committed. Approximately 65% and 47% of the Club's pledges and grants receivable at December 31, 2016 and 2015, were from five and two donors, respectively.

Pledges and grants receivable were due as follows at December 31:

	2016	2015
Due within one year	$ 2,822,647	$ 1,999,510
Due within one to five years	$ 2,557,540	$ 2,025,000
Less - discount	70,295	50,617
Total non-current portion	$ 2,487,245	$ 1,974,383

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

4. LINE OF CREDIT

The Club has a $500,000 revolving line of credit agreement with a bank. Interest on outstanding borrowings is at the bank's prime lending rate (3.75% and 3.5% at December 31, 2016 and 2015, respectively), plus 1%, with a floor of 4.25%. The line of credit is cross-collateralized with a mortgage note payable (see Note 5) and expires in February 2018. There was no outstanding balance at December 31, 2016 or 2015.

5. NOTE PAYABLE

Note payable consists of the following:

	2016	2015
4% mortgage note payable to a bank, due in monthly installments of principal and interest of $13,234. The interest rate changed to 4% from 3.5% on May 1, 2016, based on the agreement terms and adjusts annually in May based on the Federal Home Loan Bank One-Year Advanced Borrowing Rate. The note was originally scheduled to mature in March 2035. Due to the acceleration of principal payments, the note is now scheduled to mature in September 2027. The note is secured by a mortgage and an assignment of all pledges relating to building and improvements (see Notes 1 and 3). The Club accrued interest of $4,779 and $4,642 at December 31, 2016 and 2015, respectively.	$ 1,387,328	$ 1,540,078
Less - current portion	105,570	105,714
	$ 1,281,758	$ 1,434,364

5. NOTE PAYABLE (Continued)

Aggregate maturities of long-term debt over the next five years (assuming the interest rate remains at 4%) are as follows:

2017	$ 105,570
2018	$ 109,871
2019	$ 114,347
2020	$ 119,006
2021	$ 123,854

The mortgage note agreement contains various administrative covenants with which the Club must comply. The Club was in compliance with these covenants at December 31, 2016 and 2015.

6. 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 Club's facility. The use of this reserve requires the approval of the Board of Directors.

Property and equipment - 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:

	2016	2015
Program restricted	$ 843,988	$ 394,863
Scholarships	222,434	220,873
Time restricted	65,625	33,460
Comprehensive campaign	8,190,293	4,146,741
Endowment fund	2,007,628	2,017,230
	$ 11,329,968	$ 6,813,167

6. 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 gain on the Fund was $84,129 for the year ended December 31, 2016, and net investment loss on the Fund was $(38,751) for the year ended December 31, 2015. 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 Club is not required to permanently maintain any portion of the Fund.

Changes in Endowment net assets by class are as follows for the years ended December 31, 2016 and 2015:

	Unrestricted Board-Designated	Temporarily Restricted Endowment	Total Endowment
Endowment net assets, December 31, 2014	$ 106,396	$ 2,171,569	$ 2,277,965
Investment return:			
Interest and dividends	1,572	29,868	31,440
Net realized and unrealized losses	(3,612)	(68,619)	(72,231)
Total investment return	(2,040)	(38,751)	(40,791)
Appropriation of Endowment assets for expenditure	(5,385)	(115,588)	(120,973)
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

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 December 31, 2016 and 2015, 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 $74,786 and $71,614 for the years ended December 31, 2016 and 2015, respectively, which is included in employee benefits in the accompanying statements of functional expenses.

9. RELATED PARTY TRANSACTIONS

The Club's Executive Director is on the Board of Directors for other nonprofit organizations. During 2016, the Club received $4,300 in contributions from these organizations, which is included in corporate/foundation grants. During 2015, the Club received $127,728 in contributions from these organizations, $37,728 of which is included in corporate/foundation grants and contributions and $90,000 is included in comprehensive campaign contributions in the accompanying statement of activities and changes in net assets.

During 2015, the Club received in-kind services for snow removal from a Board member's company valued at $9,095, which is included in in-kind contributions in the accompanying statement of activities and changes in net assets at December 31, 2015 (see Note 1, *In-Kind Contributions*).

10. 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 2016 and 2015, campaign contributions were $6,127,360 and $5,335,987, respectively. The Club capitalized $570,687 and $305,047 in construction in progress costs in 2016 and 2015, respectively, as part of the campaign initiatives.

11. SUBSEQUENT EVENTS

Subsequent to year-end, the Club entered into a new markets tax credit financing arrangement for the renovation and expansion of its building (the Project). In connection with this financing, the following took place:

- The Club formed West End House Support Inc. (the Support Corporation), a Section 501(c)(3) corporation. The Support Corporation is organized and will be operated exclusively for the benefit of the Club and will share three of the same Board of Directors' members in addition to having two independent Board of Directors' members.

- The Club sold its building to the Support Corporation for $1,425,000. In April 2017, the Support Corporation closed on financing for the Project with an estimated renovation budget of approximately $14,214,000. In order to obtain the financing, the Club used proceeds from the comprehensive campaign (see Note 10) and three bridge loans totaling $5,024,165 to make a leverage loan to Chase NMTC West End Investment Fund, LLC (the Investment Fund) for $8,210,000. The Investment Fund used this loan and combined it with the New Market Tax Credit (NMTC) equity to make Qualified Equity Investments (QEIs) in LIIF Sub-CDE XLI, LLC and CNMC Sub-CDE 133, LLC (collectively, the CDEs).

11. SUBSEQUENT EVENTS (Continued)

- The CDEs used the QEI's to make loans totaling $12,155,000 to the Support Corporation to finance the Project.

The NMTC program offers credits against Federal income taxes over a seven-year period for QEIs in designated Community Development Entities (CDEs) pursuant to Section 45D of the IRC in order to assist eligible businesses in making investments in certain low-income communities. The Support Corporation is a Qualified Active Low-Income Community Business (QALICB) and will operate the Project in a manner intended to enable the Support Corporation to continue to qualify as a QALICB for the purposes of the NMTC within the meaning of Section 45D(d)(2) of the IRC.

12. RECLASSIFICATIONS

Certain amounts in the December 31, 2015 financial statements were reclassified to conform with the December 31, 2016 presentation.