

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, 2020

Contents

Independent auditor's report	1-2
<hr/>	
Consolidated financial statements	
Consolidated statements of financial position	3
Consolidated statements of activities and changes in net assets	4
Consolidated statements of functional expenses	5
Consolidated statements of cash flows	6
Notes to consolidated financial statements	7-22
Supplementary information	
Consolidating statement of financial position	23
Consolidating statement of activities and changes in net assets	24



RSM US LLP

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 statements of financial position as of December 31, 2020 and 2019, 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, 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 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, 2020 and 2019, 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.

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, changes in net assets, 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
October 4, 2021

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, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 1,818,011	\$ 1,100,881	\$ 2,918,892	\$ 790,674	\$ 638,217	\$ 1,428,891
Assets limited as to use	238,237	-	238,237	551,226	-	551,226
Current portion of pledges, grants, and other receivables, net	125,157	826,456	951,613	218,491	1,056,765	1,275,256
Contracts receivable	140,204	-	140,204	156,267	-	156,267
Prepaid expenses	2,902	-	2,902	14,548	-	14,548
Total current assets	2,324,511	1,927,337	4,251,848	1,731,206	1,694,982	3,426,188
Pledges, grants, and other receivables, net of current portion and discount	-	559,250	559,250	-	307,500	307,500
Investments	252,186	2,784,635	3,036,821	230,536	2,547,912	2,778,448
Property and equipment, net of accumulated depreciation	11,864,210	-	11,864,210	12,168,280	-	12,168,280
Note receivable	8,210,000	-	8,210,000	8,210,000	-	8,210,000
Total assets	\$ 22,650,907	\$ 5,271,222	\$ 27,922,129	\$ 22,340,022	\$ 4,550,394	\$ 26,890,416
Liabilities and Net Assets						
Current liabilities:						
Current portion of mortgage payable	\$ 39,248	\$ -	\$ 39,248	\$ 30,344	\$ -	\$ 30,344
Current portion of notes payable, net of deferred financing costs	(79,216)	-	(79,216)	(79,216)	-	(79,216)
Accounts payable and accrued expenses	312,633	-	312,633	510,534	-	510,534
Total current liabilities	272,665	-	272,665	461,662	-	461,662
Mortgage payable, net of current portion	1,167,628	-	1,167,628	1,318,173	-	1,318,173
Notes payable, net of current portion and deferred financing costs	11,975,442	-	11,975,442	11,896,226	-	11,896,226
Total liabilities	13,415,735	-	13,415,735	13,676,061	-	13,676,061
Net assets:						
Without donor restrictions:						
Operating	714,117	-	714,117	460,127	-	460,127
Operating Reserve	759,912	-	759,912	413,850	-	413,850
Racial Equity Fund (Board designated)	130,343	-	130,343	-	-	-
Debt Retirement (Board designated)	229,312	-	229,312	-	-	-
Capital reserve	565,918	-	565,918	465,779	-	465,779
Real estate	6,835,570	-	6,835,570	7,324,205	-	7,324,205
Total net assets without donor restrictions	9,235,172	-	9,235,172	8,663,961	-	8,663,961
With donor restrictions:						
Purpose restricted	-	1,555,417	1,555,417	-	1,598,495	1,598,495
Time restricted	-	531,500	531,500	-	138,271	138,271
Comprehensive campaign	-	702,426	702,426	-	539,825	539,825
Funds acting as endowment	-	2,481,879	2,481,879	-	2,273,803	2,273,803
Total net assets with donor restrictions	-	5,271,222	5,271,222	-	4,550,394	4,550,394
Total net assets	9,235,172	5,271,222	14,506,394	8,663,961	4,550,394	13,214,355
Total liabilities and net assets	\$ 22,650,907	\$ 5,271,222	\$ 27,922,129	\$ 22,340,022	\$ 4,550,394	\$ 26,890,416

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, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and support:						
Corporate/foundation grants and contributions	\$ 1,038,064	\$ 1,036,584	\$ 2,074,648	\$ 1,365,769	\$ 861,999	\$ 2,227,768
Campaign releases appropriated for operations	10,000	-	10,000	361,287	-	361,287
Government grants	305,073	57,140	362,213	293,358	66,520	359,878
Care's Act Revenue	382,500	-	382,500	-	-	-
Individual contributions	488,370	111,500	599,870	376,564	113,217	489,781
Investment earnings appropriated for operations	98,088	-	98,088	93,784	-	93,784
Rental fees and other	29,790	-	29,790	118,950	-	118,950
Interest income	84,728	-	84,728	89,402	-	89,402
In-kind contributions	46,535	-	46,535	63,018	-	63,018
Group events and membership dues	234	-	234	3,198	-	3,198
Net assets released from purpose restrictions	877,984	(877,984)	-	450,422	(450,422)	-
	<u>3,361,356</u>	<u>327,240</u>	<u>3,688,596</u>	<u>3,215,752</u>	<u>581,314</u>	<u>3,807,066</u>
Special events:						
Event contributions and support	471,576	117,500	589,076	549,581	127,000	676,581
Campaign releases appropriated for special events	35,000	-	35,000	95,232	-	95,232
Net assets released from time restrictions	127,000	(127,000)	-	132,500	(132,500)	-
	<u>633,576</u>	<u>(9,500)</u>	<u>624,076</u>	<u>777,313</u>	<u>(5,500)</u>	<u>771,813</u>
Less direct expenses	3,376	-	3,376	122,313	-	122,313
Net special events	<u>630,200</u>	<u>(9,500)</u>	<u>620,700</u>	<u>655,000</u>	<u>(5,500)</u>	<u>649,500</u>
Total operating revenue and support	<u>3,991,556</u>	<u>317,740</u>	<u>4,309,296</u>	<u>3,870,752</u>	<u>585,814</u>	<u>4,456,566</u>
Operating expenses:						
Program services	2,970,783	-	2,970,783	3,120,410	-	3,120,410
General and administrative	277,542	-	277,542	283,563	-	283,563
Fundraising	395,862	-	395,862	431,106	-	431,106
Total operating expenses before depreciation and amortization	<u>3,644,187</u>	<u>-</u>	<u>3,644,187</u>	<u>3,835,079</u>	<u>-</u>	<u>3,835,079</u>
Change in net assets from operations before depreciation and amortization	<u>347,369</u>	<u>317,740</u>	<u>665,109</u>	<u>35,673</u>	<u>585,814</u>	<u>621,487</u>
Depreciation	<u>376,917</u>	<u>-</u>	<u>376,917</u>	<u>369,841</u>	<u>-</u>	<u>369,841</u>
Amortization of deferred financing costs	<u>79,216</u>	<u>-</u>	<u>79,216</u>	<u>79,216</u>	<u>-</u>	<u>79,216</u>
Change in net assets from operations	<u>(108,764)</u>	<u>317,740</u>	<u>208,976</u>	<u>(413,384)</u>	<u>585,814</u>	<u>172,430</u>
Other revenue (expenses):						
Comprehensive campaign contributions	-	408,064	408,064	-	410,445	410,445
Bequest revenue	429,665	-	429,665	-	-	-
Capital contributions	-	-	-	29,000	46,500	75,500
In-kind contributions – capital	23,744	-	23,744	74,788	-	74,788
Contribution expense	-	-	-	(175,000)	-	(175,000)
Investment (loss) return, net	26,103	333,915	360,018	31,162	399,316	430,478
Scholarship fund contributions	-	4,660	4,660	-	1,550	1,550
Comprehensive campaign losses	-	-	-	-	(120,000)	(120,000)
Loss on disposal of property	-	-	-	(15,936)	-	(15,936)
Investment earnings appropriated for operations	(98,088)	-	(98,088)	(93,784)	-	(93,784)
Campaign releases appropriated for operations	(45,000)	-	(45,000)	(456,519)	-	(456,519)
Net assets released from time restrictions	98,088	(98,088)	-	93,784	(93,784)	-
Net assets released from comprehensive campaign – capital	-	-	-	303,076	(303,076)	-
Net assets released from comprehensive campaign – other	245,463	(245,463)	-	870,369	(870,369)	-
Total other revenue (expenses)	<u>679,975</u>	<u>403,088</u>	<u>1,083,063</u>	<u>660,940</u>	<u>(529,418)</u>	<u>131,522</u>
Change in net assets	<u>571,211</u>	<u>720,828</u>	<u>1,292,039</u>	<u>247,556</u>	<u>56,396</u>	<u>303,952</u>
Net assets:						
Beginning of year	8,663,961	4,550,394	13,214,355	8,416,405	4,493,998	12,910,403
End of year	<u>\$ 9,235,172</u>	<u>\$ 5,271,222</u>	<u>\$ 14,506,394</u>	<u>\$ 8,663,961</u>	<u>\$ 4,550,394</u>	<u>\$ 13,214,355</u>

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, 2020 and 2019

	2020				2019			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Salaries and related:								
Salaries	\$ 1,511,146	\$ 116,821	\$ 289,692	\$ 1,917,659	\$ 1,713,355	\$ 106,214	\$ 307,566	\$ 2,127,135
Employee benefits	249,657	19,130	47,112	315,899	269,123	20,919	51,058	341,100
Payroll taxes	124,011	9,541	23,347	156,899	149,863	8,469	26,707	185,039
Contract services	8,485	-	-	8,485	1,049	-	-	1,049
Staff development	36,330	45	2,607	38,982	30,337	-	3,344	33,681
Stipends	15,690	-	-	15,690	26,105	-	-	26,105
Total salaries and related	1,945,319	145,537	362,758	2,453,614	2,189,832	135,602	388,675	2,714,109
Occupancy:								
Utilities	133,928	4,275	4,274	142,477	164,869	5,262	5,262	175,393
Repairs and maintenance	242,938	5,184	17,025	265,147	186,170	5,306	17,448	208,924
Interest	201,883	6,443	6,443	214,769	206,440	6,589	6,589	219,618
Insurance	33,307	1,067	1,063	35,437	29,729	955	950	31,634
Total occupancy	612,056	16,969	28,805	657,830	587,208	18,112	30,249	635,569
Other:								
Professional fees	14,425	110,140	-	124,565	9,225	127,354	-	136,579
Legal	1,155	-	-	1,155	-	-	-	-
Program supplies and other	41,143	-	117	41,260	41,655	-	-	41,655
Food	97,738	-	-	97,738	87,655	-	-	87,655
Bad debts	25,906	-	-	25,906	-	-	-	-
Scholarships	43,067	-	-	43,067	44,427	-	-	44,427
Dues and subscriptions	22,473	1,664	-	24,137	24,314	937	737	25,988
Miscellaneous	74,627	1,996	1,669	78,292	26,651	725	959	28,335
Telephone	22,637	600	599	23,836	16,694	538	535	17,767
Postage and printing	2,129	544	1,749	4,422	4,434	141	8,987	13,562
Office supplies	3,964	92	104	4,160	4,761	154	153	5,068
Transportation	17,609	-	61	17,670	20,536	-	811	21,347
Donated goods and services	46,535	-	-	46,535	63,018	-	-	63,018
Total other	413,408	115,036	4,299	532,743	343,370	129,849	12,182	485,401
Total expenses before depreciation and amortization	2,970,783	277,542	395,862	3,644,187	3,120,410	283,563	431,106	3,835,079
Depreciation	354,313	11,301	11,303	376,917	347,651	11,095	11,095	369,841
Amortization of deferred financing costs	79,216	-	-	79,216	79,216	-	-	79,216
Total operating expenses	\$ 3,404,312	\$ 288,843	\$ 407,165	\$ 4,100,320	\$ 3,547,277	\$ 294,658	\$ 442,201	\$ 4,284,136

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, 2020 and 2019**

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 1,292,039	\$ 303,952
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	376,917	369,841
Amortization of deferred financing costs	79,216	79,216
Loss on disposal of property	-	15,936
Bad debts	25,906	120,000
Realized and unrealized gain on investments, net	(339,960)	(395,879)
Donated stock	42,143	378,001
Proceeds from donated stock	(42,143)	(378,001)
Changes in operating assets and liabilities:		
Pledges, grants, and other receivables	45,987	173,755
Contracts receivable	16,063	(58,082)
Prepaid expenses	11,646	(7,698)
Accounts payable and accrued expenses	(197,901)	157,302
Net cash provided by operating activities	1,309,913	758,343
Cash flows from investing activities:		
Purchases of property and equipment	(72,847)	(1,195,707)
Proceeds from sale of investments	168,082	598,129
Purchase of investments	(86,495)	(459,686)
Net cash provided by (used in) investing activities	8,740	(1,057,264)
Cash flows from financing activities:		
Principal payments on notes and mortgage payable	(141,641)	(331,655)
Net cash used in financing activities	(141,641)	(331,655)
Net change in cash and cash equivalents and restricted cash	1,177,012	(630,576)
Cash and cash equivalents and restricted cash:		
Beginning of year	1,980,117	2,610,693
End of year	\$ 3,157,129	\$ 1,980,117
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 214,769	\$ 223,298

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.

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Organization and purpose: The mission of West End House, Inc. d/b/a West End House Boys & Girls Club of Allston-Brighton (the Club) is to inspire and enable young people, especially those most in need, to realize their full potential as productive, responsible and caring citizens. The Club is an independent Boys & Girls Club in Boston that provides outcome-driven programs to Boston youth residing in the most under-resourced neighborhoods. These high-impact programs provide opportunities in critical areas of youth development, ensuring that young people most in need are succeeding academically, exploring and mastering the arts, developing career readiness skills, adopting healthy lifestyles, and earning college degrees.

The Club serves over 1,750 members ages 8-24 annually, including college students. With 75% of the Club's families earning less than \$25,000 per year and 66% of the young people served coming from single-parent households, the Club is truly reaching those most in need. To ensure that the Club's programs are available to all youth, its annual membership fee is just \$15 and is free for teens and youth living in subsidized housing. Scholarships are made available to those who cannot afford the fee, and no child is ever turned away for a lack of funds.

The Club's programs encompass four core areas: (1) Academic and College Success: The Club provides year-round academic programming for youth from 1st grade through college completion. The Club's programs include daily homework support; literacy and STEAM programs; mentoring; tutoring; and social emotional skill development. College Success Coaches provide one-on-one and group coaching for 250 alumni currently pursuing a college degree. (2) Leadership and Career Development: The Club has a four-tiered progressive employment pipeline that provides programming for youth ages 14-24 to bolster career readiness skills, engage in on-site and external employment, and ultimately complete career-aligned paid internships. (3) Sports, Fitness, and Nutrition: The Club's daily programs focus on increasing daily access to whole grains, fresh fruits and vegetables, and lean proteins; engaging youth in a wide range of physical activities that keep them moving for at least 60 minutes a day; and offering health and fitness activities such as girl-focused sports and fitness, cooking classes, and fitness and anatomy instruction. (4) Visual and Performing Arts: The Club's creative youth development programs engage young people weekly in the visual arts, theater, dance, and music. The Club provides daily, high-quality instruction that helps youth develop mastery-level skills via progressive learning.

The Club tracks and monitors youth progress to measure individual and programmatic success with the following tools:

- National Youth Outcomes Initiative (NYOI) is a survey tool created by the Club's national affiliate, Boys & Girls Clubs of America, which uses a common set of research informed indicators to measure the impact of the Club in seven priority areas: sense of belonging, emotional safety, physical safety, fun, adult connection, staff expectations, and recognition.
- Youth Program Quality Assessment (YPQA) and Youth Program Quality Intervention (YPQI) are methods of measuring the quality of youth programs and identifying staff training needs in community organizations, schools, camps, and other places where youth in grades K–12 have fun, work, and learn with adults. Assessment components include safe environment, supportive environment, interaction, engagement, youth-oriented policies and practices, high expectations for youth and staff, and access. This self-assessment process facilitates building professional competencies by examining what is happening in programs.
- Survey of Academic Youth Outcomes (SAYO) is an evidence-based tool that measures improvements in social-emotional behavior. SAYO relies on staff observations and youth surveys to assess improvements in behavior, initiative, engagement in learning, problem-solving skills, communication, peer relationships, and reading level. It recognizes difficult to measure capabilities such as social responsibility, self-confidence, and leadership.

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

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

- **Member Tracking System:** A database that is used to collect and review quarterly academic progress reports and report cards of all youth. This information helps to identify youth in need of additional targeted support and assists in the development of individual intervention plans to ensure all young people are meeting critical educational benchmarks.
- **Salesforce:** A customized database used by the Club's College Success staff that tracks key data points including demographic information; college enrollment rates; grades, credits earned, course completion; coaching interactions; verification of Free Application for Federal Student Aid completion; persistence and graduation rates; and career interests.

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, and related expansion and renovations of the Club's building facility. Due to the location of the property and the measurable 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.

Basis of consolidation: 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).

The Organization's financial statement presentation follows the requirements of FASB ASC 958, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions represent the portion of net assets of the Organization that is neither restricted by donor-imposed stipulations or time restrictions. Net assets without donor restrictions include expendable funds available for support of the Organization, amounts designated by the Board of Directors (the Board) for future use, as well as funds invested in the Organization's real estate.

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

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Net assets with donor restrictions include inflows of assets whose use may or will be met by actions of the Organization or the passage of time. Additionally, net assets with donor restrictions include donor gifts that have been invested and the principle and gains can be used to meet donor imposed restrictions. Net assets with donor restrictions also includes inflows of assets whose use may or will be met by actions of the Organization or the passage of time.

The Organization does not have any net assets held in perpetuity as of December 31, 2020 and 2019.

Revenue recognition: In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize the amount of revenue which it expects to be entitled for the transfer of promised goods or services to customers. The five-step model required for recognizing revenue from contracts with customers is as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Revenue is recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions or time restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Below is a summary of the Club's revenue and income streams. Base rent, operating expense reimbursements and lease termination fees represent income from leases and are recognized in accordance with ASC 840, Leases and Not-for-profit Entities – Revenue Recognition . Revenues from unrestricted contributions, non-reciprocal grants, government grants and other income are recognized in accordance with ASC 958-605, Contributions Received.

- Grants and contributions from foundations, corporations, and individuals without donor restrictions are recognized as revenue when received or unconditionally pledged.
- Non-reciprocal grants and contributions without donor restrictions received from foundations, governments, corporations, and individuals are recognized as revenue when received or unconditionally pledged and reported in contributions.
- Government grants and contracts are recognized as expenses are incurred, unless otherwise indicated per the grant contract. Grants, contracts and contributions designated for a specific purpose or period are recognized as revenue with donor restrictions and net assets when received or unconditionally pledged. Transfers are made to net assets without donor restrictions from net assets with donor restrictions as services are provided and costs are incurred satisfying purpose restrictions or as time restrictions lapse. Donor restricted grants and contributions received and satisfied in the same period are included in revenue without donor restrictions. Revenue shall be recognized in the accounting period in which they are earned and measurable. Expenses are recognized in the accounting period in which they are incurred, when measurable.
- Revenue from special events is recognized in the period in which the event occurs.
- Group events and membership dues are recognized when earned.

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

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

- 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 3).

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 consolidated statements of activities and changes in net assets. Non-operating revenue (expenses) includes activity related to the comprehensive campaign, capital grants for long-lived assets, scholarships and funds acting as endowment contributions, investment return (loss), net, and other income.

Cash and cash equivalents: For the purpose of the statements of cash flows, management considers all cash and highly liquid investments without donor restrictions having an initial maturity of three months or less to be cash and cash equivalents.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	2020	2019
Cash and cash equivalents	\$ 2,918,892	\$1,428,891
Assets limited as to use	238,237	551,226
	<u>\$ 3,157,129</u>	<u>\$1,980,117</u>

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

Accounts and contracts receivable: The Organization reports its accounts and contracts 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 expense. Allowance for uncollectible accounts as of December 31, 2020 and 2019, totaled \$10,000 and \$2,903, respectively.

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	2020	2019
Building and improvements	10 and 40 years	\$ 13,287,851	\$ 13,262,830
Furniture and equipment	3 – 10 years	254,311	206,485
Land	N/A	25,374	25,374
		<u>13,567,536</u>	<u>13,494,689</u>
Less accumulated depreciation		(1,703,326)	(1,326,409)
Net property and equipment		<u>\$ 11,864,210</u>	<u>\$ 12,168,280</u>

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

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

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 6, 7 and 8).

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, 2020 and 2019, 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.

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

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

The following is a description of the valuation methodologies used for instruments measured at fair value:

Money market funds: These open-ended funds generally have subscription and redemption activity at a \$1.00 stable net asset value (NAV). On a daily basis, a fund's NAV is calculated using the amortized cost of the securities held in the fund.

Domestic and international equity securities and funds: The fair value is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

Fixed income securities and bonds: The fair value is the market value based on quoted market prices for similar assets, when available. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

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 and Level 2 in the fair value hierarchy.

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 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 funds acting as endowment, and Board designated funds (collectively, the Funds) (see Note 10) shall not exceed an amount equal to 4% of the average market value of the Funds over a rolling three-year period ending on October 31 of the previous fiscal year, unless otherwise authorized by the Board. Annual withdrawals of the Scholarship fund shall also not exceed more than 4.5% of the average market value of the Scholarship fund (see Note 10) over a three-year period ending October of each fiscal year, unless otherwise authorized by the Board.

During the years ended December 31, 2020 and 2019, the Organization appropriated for operations \$98,088 and \$93,784, respectively, of the funds (see Note 10) under the Organization's investment spending policy. The amount appropriated is reflected as investment earnings appropriated for operations in the accompanying consolidated statements of activities and changes in net assets for the years ended December 31, 2020 and 2019.

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, that is, those with a measurable performance or other barrier and a right of return, are recognized as support when conditions on which they depend are substantively met. Conditional grants totaled \$43,215 and \$20,824 as of December 31, 2020 and 2019, respectively.

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

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

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 without donor restrictions.

In-kind contributions: During the years ended December 31, 2020 and 2019, the Organization received \$70,279 and \$137,806, respectively, of donated program supplies, services and capital improvements, which are reflected as in-kind contributions revenue and donated goods and services in the accompanying consolidated statements of activities and changes in net assets and functional expenses.

Contributions of services are reported at fair value as revenues and expenses of the unrestricted net asset class at the fair value of the service received only if the services create or enhance a non-financial asset or would typically need to be purchased by the Organization if they had not been provided by contribution, require specialized skills and are provided by individuals with those skills. During the years ended December 31, 2020 and 2019, 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.

Comprehensive campaign: The campaign began in 2015 and included fundraising goals consisting of current and future program operations, capital funds for the building renovation, funds for retirement of debt and funds for operating and facilities reserves. As the campaign is not part of normal operations, all contributions are presented as non-operating. Having fulfilled the first two core goals of the campaign regarding program expansion and facility renovation and expansion, in 2019 the campaign shifted its focus to the final goal of funding capitalization efforts including facility and operating reserves as well as long-term debt retirement. Contributions received for current and future program activities are transferred to operating activities when appropriated.

Functional allocation of expenses: Expenses are summarized and categorized based upon their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries, taxes and employee benefits, are allocated on the basis of estimates of time and effort. Rent, utilities, maintenance, depreciation, interest, supplies, telephone and insurance, are allocated on a square-footage basis.

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.

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

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Uncertainty of 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, 2020 and 2019. 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 three years from the filing date.

Subsequent events: Subsequent events have been evaluated through October 4, 2021, which is the date the consolidated financial statements were available to be issued.

Recently issued accounting pronouncements: 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. On June 3, 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (842): Effective Dates for Certain Entities*, which defers the effective date of ASU 2016-02, making it effective for annual reporting periods beginning after December 15, 2021. The Organization is currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance is effective for fiscal years beginning after June 15, 2021, and for interim periods within annual periods beginning after June 15, 2022. The Organization is currently evaluating the impact of adopting this new guidance on the 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.**

Notes to Consolidated Financial Statements

Note 2. Liquidity

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its ongoing activities. The Organization's financial resources were earmarked as follows at December 31, 2020 and 2019:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,918,892	\$ 1,428,891
Assets limited as to use	238,237	551,226
Current portion of pledges, grants and other receivables, net	951,613	1,275,256
Contracts receivable	140,204	156,267
Pledges, grants and other receivables, net of current portion and discount	559,250	307,500
Investments	3,036,821	2,778,448
Notes receivable	8,210,000	8,210,000
Total financial assets	<u>16,055,017</u>	<u>14,707,588</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(5,271,222)	(4,550,394)
Board designated funds acting as Operating Reserve	(759,912)	(413,850)
Board designated funds acting as Racial Equity Fund	(130,343)	-
Board designated funds acting as Debt Retirement	(229,312)	-
Note receivable	(8,210,000)	(8,210,000)
	<u>(14,600,789)</u>	<u>(13,174,244)</u>
Add amounts available to be used within one year:		
Estimated releases from restriction	1,297,000	1,228,000
Estimated appropriation from funds acting as endowment	98,000	97,945
	<u>1,395,000</u>	<u>1,325,945</u>
Financial assets available within one year to meet general expenditures	<u>\$ 2,849,228</u>	<u>\$ 2,859,289</u>

The Organization also has a line of credit facility available to meet short-term needs. See Note 6 for information about this arrangement.

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

Notes to Consolidated Financial Statements

Note 3. Investments

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

	2020			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 573,472	\$ -	\$ -	\$ 573,472
Equities:				
International developed	256,870	-	-	256,870
U.S. large cap	638,104	-	-	638,104
Others	1,073,534	-	-	1,073,534
Fixed income:				
Investment grade taxable	294,166	-	-	294,166
International developed bonds	200,675	-	-	200,675
Total investments	<u>\$ 3,036,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,036,821</u>
	2019			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 456,812	\$ -	\$ -	\$ 456,812
Equities:				
International developed	254,428	-	-	254,428
U.S. large cap	545,264	-	-	545,264
Others	856,913	-	-	856,913
Fixed income:				
Investment grade taxable	414,736	-	-	414,736
International developed bonds	208,012	-	-	208,012
Other bonds	41,898	-	-	41,898
Others	385	-	-	385
Total investments	<u>\$ 2,778,448</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,778,448</u>

The Organization intends to hold its investments indefinitely. Accordingly, the investments are shown as long-term assets in the accompanying consolidated statements of financial position regardless of maturity. Investments are not insured and are subject to ongoing market fluctuations.

Note 4. Comprehensive Campaign, Pledges, Grants and Other Receivables

The Organization launched a Comprehensive Campaign to expand program growth and the facilities to keep pace with the growth in Club membership. The expansion project commenced in the spring of 2017 and was completed in June 2018. The project has been funded with financing from new market tax credits and proceeds of the Comprehensive Campaign efforts. As of December 31, 2020, there were three donors whose pledges represented approximately 72% of the gross outstanding pledge receivable balance. As of December 31, 2019, there were four donors whose pledges represented 73% of the gross outstanding pledge balance.

For the Organization's contract and pledge receivable balances, there was one donor whose pledges represented approximately 53% of the gross outstanding pledge receivable balance as of December 31, 2020. As of December 31, 2019, no donors accounted for more than 10% of the Organization's gross pledge receivable balance.

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

Notes to Consolidated Financial Statements

Note 4. Comprehensive Campaign, Pledges, Grants and Other Receivables (Continued)

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

	2020	2019
Due within one year	\$ 951,613	\$ 1,275,256
Due one to five years	\$ 599,097	\$ 316,447
Less discount	(39,847)	(8,947)
	<u>\$ 559,250</u>	<u>\$ 307,500</u>

Pledges due beyond one year have been discounted using an accumulating 2% discount rate per year.

Note 5. 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 6. Line of Credit

On June 1, 2020, the Organization executed an unsecured line of credit with an institution in the amount of \$500,000 with a two-year term. Interest on outstanding borrowings is at the bank's prime lending rate (3.25% as of December 31, 2020), and payable monthly. As of December 31, 2020, there was no outstanding balance on the line of credit. The Organization received a waiver from the Bank for its financial reporting covenant to waive its Financial Statement Submission on September 8, 2021.

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, 2019, the outstanding balance on the line of credit agreement was \$0. Interest on outstanding borrowings was at the bank's prime lending rate, plus 1%, with a floor of 4.75%, and payable monthly. The line of credit expired in July 2019.

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

Notes to Consolidated Financial Statements

Note 7. Mortgage Payable

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. As of December 31, 2020 and 2019, the mortgage payable balance was \$1,206,876 and \$1,348,517, respectively.

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

	<u>Mortgage Payments</u>
2021	\$ 39,248
2022	41,531
2023	43,955
2024	46,521
2025	49,238
Thereafter	<u>986,383</u>
	<u>\$ 1,206,876</u>

Note 8. Notes Payable

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 \$140,390 for each of the years ended December 31, 2020 and 2019.

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

Notes to Consolidated Financial Statements

Note 8. Notes Payable (Continued)

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 all covenants at December 31, 2020. The balances outstanding at December 31, 2020 and 2019, for notes payable are as follows:

Lender	Description	2020	2019
LIIF SUB-CDE XLI, LLC	QLICI Loan A	\$ 7,553,200	\$ 7,553,200
LIIF SUB-CDE XLI, LLC	QLICI Loan B	3,601,800	3,601,800
Chase New Market Corporation SUB-CDE 133, LLC	QLICI Loan A	656,800	656,800
Chase New Market Corporation SUB-CDE 133, LLC	QLICI Loan B	343,200	343,200
		12,155,000	12,155,000
Less debt issuance costs, net		(258,774)	(337,990)
		<u>\$ 11,896,226</u>	<u>\$ 11,817,010</u>

Aggregate maturities of notes payable over the next five years and thereafter are as follows:

	Principal Payments	Amortization of Deferred Financing Costs	Total
2021	\$ -	\$ (79,216)	\$ (79,216)
2022	-	(79,216)	(79,216)
2023	-	(79,216)	(79,216)
2024	301,983	(21,126)	280,857
2025	406,728	-	406,728
Thereafter	11,446,289	-	11,446,289
	<u>\$ 12,155,000</u>	<u>\$ (258,774)</u>	<u>\$ 11,896,226</u>

Note 9. Paycheck Protections Program Loan

In April 2020, the Organization received a Paycheck Protection Program (PPP) loan of \$382,500 granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The Organization elected to account for the PPP loan under ASC 958-605 as a conditional contribution. PPP loans are considered conditional contributions, with a right-of return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that PPP loan funds must be used to maintain compensation costs and employee headcount, and other qualifying expenses (mortgage interest, rent and utilities) incurred following receipt of the funds. The institution recognized the amount received as grant revenue as qualified expenses occurred / barriers to entitlement were met. Application for forgiveness of the loan was completed on January 25, 2021, with inclusion of compliance substantiation and certification therein and on February 1, 2021, notice of full forgiveness, including accrued interest was received from the Small Business Administration. The Organization has recorded PPP loan forgiveness of \$382,500 in the accompanying consolidated statements of activities as Care's Act revenue for the year ended December 31, 2020. On March 1, 2021, the Club entered into a loan agreement with Salem Five Cents Savings Bank in the amount of \$382,500 pursuant to the PPP. The loan matures on March 1, 2026 and bears interest at a rate of 1% per annum, payable monthly commencing on September 1, 2021. The note may be prepaid by the borrowers at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group healthcare benefits, mortgage payments, rent, utilities on other debt obligations entered into before February 15, 2020.

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

Notes to Consolidated Financial Statements

Note 10. Net Assets

Net assets without donor restrictions: Net assets without donor restrictions consist of the following:

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

Operating reserves: represent amounts set aside by the Board to fund future shortfalls in operations. As of December 31, 2020 and 2019, operating reserves totaled \$759,912 and \$413,850, respectively.

Board designated: represents funds set aside by the Board for long-term investment purposes and future expansion of program activities. The use of these funds requires the approval of the Board. As of December 31, 2020 and 2019, board designated funds were classified as the following:

Board Designation	2020	2019
Racial Equity Fund	\$ 130,343	-
Debt Retirement	229,312	-
	\$ 359,655	-

Capital reserve: represents funds set aside by the Board for repairs and improvements to the Organization's facility. The use of this reserve requires the approval of the Board. As of December 31, 2020 and 2019, capital reserve funds designated by the Board totaled \$565,918 and \$465,779, respectively.

Real estate: reflects resources available for property and equipment, net of related debt.

Net assets with donor restrictions: The Organization's net assets with donor restrictions represent amounts received with time or purpose restrictions, which have not yet been expended for their purposes. As of December 31, 2020 and 2019 they consist of the following:

	2020	2019
Program restricted	\$ 1,252,235	\$ 1,324,377
Scholarships	303,182	274,118
Time restricted	531,500	138,271
Comprehensive campaign	702,426	539,825
Funds acting as endowment	2,481,879	2,273,803
	\$ 5,271,222	\$ 4,550,394

Investment earnings on the funds acting as endowment (the Fund) are recorded as net assets with donor restrictions, as specified by the donors. These amounts are included in investment earnings in the accompanying consolidated statements of activities and changes in net assets. The term funds acting as endowment is an internal term not used in the traditional manner that would otherwise indicate net assets with donor restrictions held in perpetuity. The Organization is not required to permanently maintain any portion of the Fund.

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

Notes to Consolidated Financial Statements

Note 10. Net Assets (Continued)

Changes in funds acting as endowment net assets by class are as follows for the years ended December 31, 2020 and 2019:

	Board- Designated	Endowment With Donor Restrictions	Total Endowment
Funds acting as endowment net assets, December 31, 2018	\$ 99,312	\$ 2,000,593	\$ 2,099,905
Investment returns, net	-	356,452	356,452
Appropriation of endowment assets for expenditure	(99,312)	(83,242)	(182,554)
Funds acting as endowment net assets, December 31, 2019	-	2,273,803	2,273,803
Investment returns, net	-	295,004	295,004
Appropriation of endowment assets for expenditure	-	(86,928)	(86,928)
Funds acting as endowment net assets, December 31, 2020	\$ -	\$ 2,481,879	\$ 2,481,879

Note 11. 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, 2020 and 2019, 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 12. 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 5% and 10% of each employee's annual salary, as defined in the Plan document for the years ended December 31, 2020 and 2019, respectively. The Organization's contributions in the participant's account are 100% vested after three years of service. Pension expense was \$115,489 and \$132,326 for the years ended December 31, 2020 and 2019, respectively, which is included in employee benefits in the accompanying consolidated statements of functional expenses.

Note 13. Related Party Transactions

The Organization's Executive Director is on the Board of Directors for other nonprofit organizations. During 2020 and 2019, the Organization received \$54,400 and \$2,100, respectively, in contributions from these organizations, which is included in corporate/foundation grants on the consolidated statements of activities and changes in net assets.

Note 14. Uncertainty

In 2020, the global pandemic created substantial volatility in the financial markets and the economy, including the geographic areas in which the Club operates. While the Club has mitigated the financial impact on its business through online programming, in-person programming, and receiving support through grants and contributions from donors, it is unknown how long these conditions will last. Accordingly, there could be further negative impact to operations, the extent to which will depend on future developments which are uncertain and cannot be predicted.

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

Notes to Consolidated Financial Statements

Note 15. Subsequent Events

On March 1, 2021, the Club entered into a loan agreement with Salem Five Cents Savings Bank in the amount of \$382,500 pursuant to the PPP. The loan matures on March 1, 2026 and bears interest at a rate of 1% per annum, payable monthly commencing on September 1, 2021. The note may be prepaid by the borrowers at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group healthcare benefits, mortgage payments, rent, utilities on other debt obligations entered into before February 15, 2020.

Subsequent events have been evaluated through October 4, 2021, which is the date the consolidated 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, 2020

	West End House, Inc.			West End House Support, Inc.			Eliminations	Totals		Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		Without Donor Restrictions	With Donor Restrictions	
Assets										
Current assets:										
Cash and cash equivalents	\$ 1,787,421	\$ 1,100,881	\$ 2,888,302	\$ 30,590	\$ -	\$ 30,590	\$ -	\$ 1,818,011	\$ 1,100,881	\$ 2,918,892
Assets limited to use	-	-	-	238,237	-	238,237	-	238,237	-	238,237
Due from affiliate	145,284	-	145,284	-	-	-	(145,284)	-	-	-
Current portion of pledges, grants, and other receivables, net	125,157	826,456	951,613	-	-	-	-	125,157	826,456	951,613
Contracts receivable	140,204	-	140,204	-	-	-	-	140,204	-	140,204
Prepaid expenses	2,902	-	2,902	992,371	-	992,371	(992,371)	2,902	-	2,902
Total current assets	2,200,968	1,927,337	4,128,305	1,261,198	-	1,261,198	(1,137,655)	2,324,511	1,927,337	4,251,848
Pledges and grants receivable, net of current portion and discount	-	559,250	559,250	-	-	-	-	-	559,250	559,250
Investments	252,186	2,784,635	3,036,821	-	-	-	-	252,186	2,784,635	3,036,821
Property and equipment, net of accumulated depreciation	97,295	-	97,295	11,766,915	-	11,766,915	-	11,864,210	-	11,864,210
Note receivable	8,210,000	-	8,210,000	-	-	-	-	8,210,000	-	8,210,000
Total assets	\$ 10,760,449	\$ 5,271,222	\$ 16,031,671	\$ 13,028,113	\$ -	\$ 13,028,113	\$ (1,137,655)	\$ 22,650,907	\$ 5,271,222	\$ 27,922,129
Liabilities and Net Assets										
Current liabilities:										
Due to Affiliate	\$ -	\$ -	\$ -	\$ 145,284	\$ -	\$ 145,284	\$ (145,284)	\$ -	\$ -	\$ -
Current portion of mortgage payable	-	-	-	39,248	-	39,248	-	39,248	-	39,248
Current portion of notes payable, net of deferred financing costs	-	-	-	(79,216)	-	(79,216)	-	(79,216)	-	(79,216)
Accounts payable and accrued expenses	1,299,388	-	1,299,388	5,616	-	5,616	(992,371)	312,633	-	312,633
Total current liabilities	1,299,388	-	1,299,388	110,932	-	110,932	(1,137,655)	272,665	-	272,665
Mortgage payable, net of current portion	-	-	-	1,167,628	-	1,167,628	-	1,167,628	-	1,167,628
Notes payable, net of current portion and deferred financing costs	-	-	-	11,975,442	-	11,975,442	-	11,975,442	-	11,975,442
Total liabilities	1,299,388	-	1,299,388	13,254,002	-	13,254,002	(1,137,655)	13,415,735	-	13,415,735
Net assets:										
Without donor restrictions:										
Operating	714,117	-	714,117	-	-	-	-	714,117	-	714,117
Operating Reserve	759,912	-	759,912	-	-	-	-	759,912	-	759,912
Racial Equity Fund (Board designated)	130,343	-	130,343	-	-	-	-	130,343	-	130,343
Debt Retirement (Board designated)	229,312	-	229,312	-	-	-	-	229,312	-	229,312
Capital reserve	565,918	-	565,918	-	-	-	-	565,918	-	565,918
Real estate	7,061,459	-	7,061,459	(225,889)	-	(225,889)	-	6,835,570	-	6,835,570
Total net assets without donor restrictions	9,461,061	-	9,461,061	(225,889)	-	(225,889)	-	9,235,172	-	9,235,172
With donor restrictions										
Purpose restricted	-	1,555,417	1,555,417	-	-	-	-	-	1,555,417	1,555,417
Time restricted	-	531,500	531,500	-	-	-	-	-	531,500	531,500
Comprehensive campaign	-	702,426	702,426	-	-	-	-	-	702,426	702,426
Funds acting as endowment	-	2,481,879	2,481,879	-	-	-	-	-	2,481,879	2,481,879
Total net assets with donor restrictions	-	5,271,222	5,271,222	-	-	-	-	-	5,271,222	5,271,222
Total net assets	9,461,061	5,271,222	14,732,283	(225,889)	-	(225,889)	-	9,235,172	5,271,222	14,506,394
Total liabilities and net assets	\$ 10,760,449	\$ 5,271,222	\$ 16,031,671	\$ 13,028,113	\$ -	\$ 13,028,113	\$ (1,137,655)	\$ 22,650,907	\$ 5,271,222	\$ 27,922,129

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, 2020

	West End House, Inc.			West End House Support, Inc.			Eliminations	Totals		Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		Without Donor Restrictions	With Donor Restrictions	
Operating revenue and support:										
Corporate/foundation grants and contributions	\$ 1,038,064	\$ 1,036,684	\$ 2,074,648	\$ -	\$ -	\$ -	\$ -	\$ 1,038,064	\$ 1,036,684	\$ 2,074,648
Campaign releases appropriated for operations	10,000	-	10,000	-	-	-	-	10,000	-	10,000
Government grants	305,073	57,140	362,213	-	-	-	-	305,073	57,140	362,213
Care's Act Revenue	382,500	-	382,500	-	-	-	-	382,500	-	382,500
Individual contributions	488,370	111,500	599,870	-	-	-	-	488,370	111,500	599,870
Investment earnings appropriated for operations	98,088	-	98,088	-	-	-	-	98,088	-	98,088
Rental fees and other	29,780	-	29,780	202,000	-	202,000	(202,000)	29,780	-	29,780
Interest income	83,903	-	83,903	825	-	825	-	84,728	-	84,728
In-kind contributions	46,535	-	46,535	-	-	-	-	46,535	-	46,535
Group events and membership dues	234	-	234	-	-	-	-	234	-	234
Net assets released from purpose restrictions	877,984	(877,984)	-	-	-	-	-	877,984	(877,984)	-
	<u>3,360,531</u>	<u>327,240</u>	<u>3,687,771</u>	<u>202,825</u>	<u>-</u>	<u>202,825</u>	<u>(202,000)</u>	<u>3,361,356</u>	<u>327,240</u>	<u>3,688,596</u>
Special events:										
Event contributions and support	471,576	117,500	589,076	-	-	-	-	471,576	117,500	589,076
Campaign releases appropriated for special events	35,000	-	35,000	-	-	-	-	35,000	-	35,000
Net assets released from time restrictions	127,000	(127,000)	-	-	-	-	-	127,000	(127,000)	-
	<u>633,576</u>	<u>(9,500)</u>	<u>624,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>633,576</u>	<u>(9,500)</u>	<u>624,076</u>
Less direct expenses	3,376	-	3,376	-	-	-	-	3,376	-	3,376
Net special events	<u>630,200</u>	<u>(9,500)</u>	<u>620,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>630,200</u>	<u>(9,500)</u>	<u>620,700</u>
Total operating revenue and support	<u>3,990,731</u>	<u>317,740</u>	<u>4,308,471</u>	<u>202,825</u>	<u>-</u>	<u>202,825</u>	<u>(202,000)</u>	<u>3,991,556</u>	<u>317,740</u>	<u>4,309,296</u>
Operating expenses:										
Program services	2,959,030	-	2,959,030	201,633	-	201,633	(189,880)	2,970,783	-	2,970,783
General and administrative	249,167	-	249,167	34,435	-	34,435	(6,060)	277,542	-	277,542
Fundraising	395,487	-	395,487	6,435	-	6,435	(6,060)	395,862	-	395,862
Total operating expenses before depreciation and amortization	<u>3,603,684</u>	<u>-</u>	<u>3,603,684</u>	<u>242,503</u>	<u>-</u>	<u>242,503</u>	<u>(202,000)</u>	<u>3,644,187</u>	<u>-</u>	<u>3,644,187</u>
Change in net assets from operations before depreciation and amortization	<u>387,047</u>	<u>317,740</u>	<u>704,787</u>	<u>(39,678)</u>	<u>-</u>	<u>(39,678)</u>	<u>-</u>	<u>347,369</u>	<u>317,740</u>	<u>665,109</u>
Depreciation	7,179	-	7,179	369,738	-	369,738	-	376,917	-	376,917
Amortization of deferred financing costs	-	-	-	79,216	-	79,216	-	79,216	-	79,216
Change in net assets from operations	<u>379,868</u>	<u>317,740</u>	<u>697,608</u>	<u>(488,632)</u>	<u>-</u>	<u>(488,632)</u>	<u>-</u>	<u>(108,764)</u>	<u>317,740</u>	<u>208,976</u>
Other revenue (expenses):										
Comprehensive campaign contributions	-	408,064	408,064	-	-	-	-	-	408,064	408,064
Bequest revenue	429,665	-	429,665	-	-	-	-	429,665	-	429,665
Capital contributions	-	-	-	-	-	-	-	-	-	-
In-kind contributions – capital	23,744	-	23,744	-	-	-	-	23,744	-	23,744
Straight line rental revenue (expenses)	(360,862)	-	(360,862)	360,862	-	360,862	-	-	-	-
Investment return, net	26,103	333,915	360,018	-	-	-	-	26,103	333,915	360,018
Scholarship fund contributions	-	4,660	4,660	-	-	-	-	-	4,660	4,660
Investment earnings appropriated for operations	(98,088)	-	(98,088)	-	-	-	-	(98,088)	-	(98,088)
Campaign releases appropriated for operations	(45,000)	-	(45,000)	-	-	-	-	(45,000)	-	(45,000)
Net assets released from time restrictions	98,088	(98,088)	-	-	-	-	-	98,088	(98,088)	-
Net assets released from comprehensive campaign – other	245,463	(245,463)	-	-	-	-	-	245,463	(245,463)	-
Total other revenue (expenses)	<u>319,113</u>	<u>403,088</u>	<u>722,201</u>	<u>360,862</u>	<u>-</u>	<u>360,862</u>	<u>-</u>	<u>679,975</u>	<u>403,088</u>	<u>1,083,063</u>
Change in net assets	<u>698,981</u>	<u>720,828</u>	<u>1,419,809</u>	<u>(127,770)</u>	<u>-</u>	<u>(127,770)</u>	<u>-</u>	<u>571,211</u>	<u>720,828</u>	<u>1,292,039</u>
Net assets:										
Beginning of year	8,762,080	4,550,394	13,312,474	(98,119)	-	(98,119)	-	8,663,961	4,550,394	13,214,355
End of year	<u>\$ 9,461,061</u>	<u>\$ 5,271,222</u>	<u>\$ 14,732,283</u>	<u>\$ (225,889)</u>	<u>\$ -</u>	<u>\$ (225,889)</u>	<u>\$ -</u>	<u>\$ 9,235,172</u>	<u>\$ 5,271,222</u>	<u>\$ 14,506,394</u>