

WALTHAM COMMITTEE, INC.
D/B/A WCI – WORK, COMMUNITY, INDEPENDENCE

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

WALTHAM COMMITTEE, INC.
D/B/A WCI – WORK, COMMUNITY, INDEPENDENCE

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JUNE 30, 2011 AND 2010

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Waltham Committee, Inc. d/b/a WCI – Work, Community, Independence:

We have audited the accompanying statements of financial position of Waltham Committee, Inc. d/b/a WCI – Work, Community, Independence (a Massachusetts corporation, not for profit) as of June 30, 2011 and 2010, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of WCI's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Waltham Committee, Inc. d/b/a WCI – Work, Community, Independence as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Wellesley, Massachusetts
November 1, 2011

WALTHAM COMMUNITY, INC.
D/B/A WCI - WORK, COMMUNITY, INDEPENDENCE

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

ASSETS	2011		2010		TOTAL
	UNRESTRICTED	TEMPORARILY RESTRICTED	UNRESTRICTED	TEMPORARILY RESTRICTED	
CURRENT ASSETS:					
Cash and cash equivalents	\$ 276,947	\$ 76,645	\$ 353,592	\$ 34,613	\$ 723,809
Certificates of deposit	47,325	-	47,325	45,391	92,571
Accounts receivable	742,401	-	742,401	-	320,938
Prepaid expenses and other	118,882	-	118,882	-	55,920
Total current assets	1,185,555	76,645	1,262,200	80,004	1,193,238
DEPOSITS	79,076	-	79,076	-	72,392
PROPERTY AND EQUIPMENT, net	1,215,967	-	1,215,967	-	1,081,881
INVESTMENT	29,451	-	29,451	-	29,451
DEFERRED FINANCING COSTS, net	15,667	-	15,667	-	15,667
Total assets	\$ 2,525,716	\$ 76,645	\$ 2,602,361	\$ 80,004	\$ 2,392,629
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Current portion of note payable	\$ 6,716	\$ -	\$ 6,716	\$ -	\$ 6,429
Accounts payable	128,240	-	128,240	-	134,707
Accrued expenses	509,376	-	509,376	-	556,484
Deferred revenue	8,203	-	8,203	-	7,203
Total current liabilities	652,535	-	652,535	-	704,823
NOTE PAYABLE, net of current portion	372,293	-	372,293	-	379,003
CONTINGENT NOTE PAYABLE	151,724	-	151,724	-	151,724
Total liabilities	1,176,552	-	1,176,552	-	1,235,550
NET ASSETS:					
Unrestricted:					
Operating	648,263	-	648,263	-	516,683
Property and equipment	700,901	-	700,901	-	560,392
Total unrestricted	1,349,164	-	1,349,164	-	1,077,075
Temporarily restricted	-	76,645	76,645	80,004	80,004
Total net assets	1,349,164	76,645	1,425,809	80,004	1,157,079
Total liabilities and net assets	\$ 2,525,716	\$ 76,645	\$ 2,602,361	\$ 80,004	\$ 2,392,629

The accompanying notes are an integral part of these statements.

WALTHAM COMMITTEE, INC.
D/B/A WCI - WORK, COMMUNITY, INDEPENDENCE

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011		2010	
	UNRESTRICTED	TEMPORARILY RESTRICTED	UNRESTRICTED	TEMPORARILY RESTRICTED
	TOTAL	TOTAL	UNRESTRICTED	TOTAL
OPERATING SUPPORT AND REVENUE:				
Contracts and third party fees	\$ 10,738,188	\$ -	\$ 10,738,188	\$ 10,316,041
Program participant fees	1,087,107	-	1,087,107	1,095,189
Grants and contributions	28,099	5,727	33,826	23,995
Interest and other	27,118	-	27,118	27,502
Net assets released from purpose restrictions	9,086	(9,086)	-	(17,021)
	<u>11,889,598</u>	<u>(3,359)</u>	<u>11,886,239</u>	<u>(6,442)</u>
Total operating support and revenue			11,479,748	11,473,306
OPERATING EXPENSES:				
Program services	10,211,207	-	10,211,207	9,911,024
General and administrative	1,395,755	-	1,395,755	1,322,028
Fundraising	10,547	-	10,547	26,566
	<u>11,617,509</u>	<u>-</u>	<u>11,617,509</u>	<u>-</u>
Total operating expenses			11,259,618	11,259,618
Changes in net assets	272,089	(3,359)	268,730	(6,442)
NET ASSETS, beginning of year	<u>1,077,075</u>	<u>80,004</u>	<u>1,157,079</u>	<u>86,446</u>
NET ASSETS, end of year	<u>\$ 1,349,164</u>	<u>\$ 76,645</u>	<u>\$ 1,425,809</u>	<u>\$ 80,004</u>
			<u>\$ 1,077,075</u>	<u>\$ 1,157,079</u>

The accompanying notes are an integral part of these statements.

**WALTHAM COMMITTEE, INC.
D/B/A WCI - WORK, COMMUNITY, INDEPENDENCE**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 268,730	\$ 213,688
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	146,789	111,518
Changes in operating assets and liabilities:		
Accounts receivable	(421,463)	25,728
Prepaid expenses and other	(62,962)	4,587
Deposits	(6,684)	-
Accounts payable	(6,467)	(2,977)
Accrued expenses	(47,108)	27,711
Deferred revenue	1,000	(924)
	<u>(128,165)</u>	<u>379,331</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(280,875)	(579,566)
Maturity of certificates of deposit	45,246	-
Purchases of certificates of deposit	-	(45,772)
Purchase of investment	-	(128)
	<u>(235,629)</u>	<u>(625,466)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	-	387,000
Principal payments on note payable	(6,423)	(1,568)
	<u>(6,423)</u>	<u>385,432</u>
Net cash provided by (used in) financing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(370,217)	139,297
CASH AND CASH EQUIVALENTS, beginning of year	<u>723,809</u>	<u>584,512</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 353,592</u>	<u>\$ 723,809</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 16,763</u>	<u>\$ 5,919</u>

The accompanying notes are an integral part of these statements.

WALTHAM COMMITTEE, INC.
D/B/A WCI - WORK, COMMUNITY, INDEPENDENCE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011
(With Summarized Comparative Totals for the Year Ended June 30, 2010)

	2011						2010			
	PROGRAM SERVICES				SUPPORTING SERVICES		GENERAL			
	24 HOUR SUPPORTS	INDIVIDUAL SUPPORTS	DEAF/BLIND SUPPORTS	SOCIAL SUPPORTS	DAY AND EMPLOYMENT SUPPORTS AND SERVICES	TOTAL PROGRAM SERVICES	ADMINIS- TRATIVE	FUND- RAISING	TOTAL	TOTAL
OPERATING EXPENSES:										
Salaries and related costs:										
Salaries	\$ 1,819,448	\$ 262,689	\$ 1,772,053	\$ 1,785,164	\$ 812,446	\$ 6,451,800	\$ 673,389	\$ 3,560	\$ 7,128,749	\$ 6,989,067
Payroll taxes	173,300	23,992	169,037	168,438	67,934	602,701	60,979	388	664,068	619,791
Fringe benefits	153,211	26,379	150,937	149,577	73,285	553,389	64,967	-	618,356	569,758
Total salaries and related costs	2,145,959	313,060	2,092,027	2,103,179	953,665	7,607,890	799,335	3,948	8,411,173	8,178,616
Occupancy:										
Rent	331,579	107,875	286,005	287,126	124,040	1,136,625	179,297	-	1,315,922	1,290,149
Utilities	57,631	12,366	62,877	54,979	30,062	217,915	12,540	-	230,455	202,591
Building depreciation	35,620	5,419	40,461	38,618	11,040	131,158	-	-	131,158	95,710
Repairs and maintenance	20,326	7,199	21,957	27,753	14,578	91,813	-	-	91,813	127,771
Property insurance	12,460	4,159	12,481	12,485	5,605	47,190	-	-	47,190	53,757
Landscaping and snow removal	14,494	-	14,496	11,186	1,542	41,718	-	-	41,718	27,307
Non-capital equipment	3,681	-	4,873	7,108	3,691	19,353	8,378	-	27,731	26,285
Mortgage interest	-	-	-	16,763	-	16,763	-	-	16,763	4,229
Total occupancy	475,791	137,018	443,150	456,018	190,558	1,702,535	200,215	-	1,902,750	1,827,799
Direct program expenses:										
Transportation	87,142	15,633	81,755	84,876	31,854	301,260	1	-	301,261	266,543
Food	69,178	2,553	54,719	67,932	7,081	201,463	7,106	-	208,569	192,458
Program consultants	3,394	840	7,132	8,618	50,155	70,139	37,376	-	107,515	133,684
Staff mileage	18,738	7,524	17,459	16,520	6,839	67,080	9,633	-	76,713	71,132
Household	17,944	571	17,237	13,298	7,809	56,859	449	-	57,308	56,546
Staff training	938	113	1,579	1,139	198	3,967	45,904	-	49,871	35,545
Community activities	6,178	2,530	10,677	10,689	386	30,460	-	-	30,460	34,088
Consumer allowances	5,375	3,619	2,434	5,040	4,013	20,481	-	-	20,481	17,136
Medical supplies	1,097	107	1,545	1,252	1,047	5,048	-	-	5,048	6,334
Educational supplies	-	-	54	-	4,403	4,457	-	-	4,457	6,415
Total direct program expenses	209,984	33,490	194,591	209,364	113,785	761,214	100,469	-	861,683	819,881
Other expenses:										
Telephone	13,731	7,509	12,931	14,217	7,709	56,097	56,619	-	112,716	93,273
Data processing	-	-	30	85	-	115	99,822	-	99,937	104,670
Miscellaneous	18,478	65	2,358	9,488	11,937	42,326	22,114	357	64,797	50,897
Office supplies	9,207	1,179	16,604	11,961	2,079	41,030	-	-	41,030	34,817
Audit fees	-	-	-	-	-	-	28,457	-	28,457	38,481
Dues and publications	-	-	-	-	-	-	19,624	-	19,624	19,292
Bank fees	-	-	-	-	-	-	17,162	1,118	18,280	16,171
Equipment rental	-	-	-	-	-	-	16,775	-	16,775	17,184
Postage	-	-	-	-	-	-	10,505	-	10,505	10,140
Legal fees	-	-	-	-	-	-	9,490	-	9,490	9,870
Printing	-	-	-	-	-	-	6,746	-	6,746	8,106
Insurance	-	-	-	-	-	-	6,125	-	6,125	4,710
Fundraising expenses	-	-	-	-	-	-	-	5,124	5,124	21,216
Advertising and recruitment	-	-	-	-	-	-	2,245	-	2,245	2,805
Bad debts	-	-	-	-	-	-	52	-	52	-
Interest	-	-	-	-	-	-	-	-	-	1,690
Total other expenses	41,416	8,753	31,923	35,751	21,725	139,568	295,736	6,599	441,903	433,322
Total operating expenses	\$ 2,873,150	\$ 492,321	\$ 2,761,691	\$ 2,804,312	\$ 1,279,733	\$ 10,211,207	\$ 1,395,755	\$ 10,547	\$ 11,617,509	\$ 11,259,618

The accompanying notes are an integral part of these statements.

WALTHAM COMMITTEE, INC.
D/B/A WCI - WORK, COMMUNITY, INDEPENDENCE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTAL
	24 HOUR SUPPORTS	INDIVIDUAL SUPPORTS	DEAF/BLIND SUPPORTS	SOCIAL SUPPORTS	DAY AND EMPLOYMENT SUPPORTS AND SERVICES	TOTAL PROGRAM SERVICES	GENERAL AND ADMINIS-TRATIVE	FUND-RAISING	
OPERATING EXPENSES:									
Salaries and related costs:									
Salaries	\$ 1,787,987	\$ 237,966	\$ 1,807,132	\$ 1,709,676	\$ 831,448	\$ 6,374,209	\$ 611,478	\$ 3,380	\$ 6,989,067
Payroll taxes	156,072	25,792	145,967	152,466	72,345	552,642	66,791	358	619,791
Fringe benefits	138,064	23,338	140,659	139,964	70,665	512,690	57,068	-	569,758
Total salaries and related costs	<u>2,082,123</u>	<u>287,096</u>	<u>2,093,758</u>	<u>2,002,106</u>	<u>974,458</u>	<u>7,439,541</u>	<u>735,337</u>	<u>3,738</u>	<u>8,178,616</u>
Occupancy:									
Rent	324,540	105,287	291,220	266,070	122,734	1,109,851	180,298	-	1,290,149
Utilities	53,814	9,052	53,008	44,632	29,522	190,028	12,563	-	202,591
Building depreciation	26,237	4,800	33,177	23,021	8,475	95,710	-	-	95,710
Repairs and maintenance	41,069	7,021	32,365	35,054	12,262	127,771	-	-	127,771
Property insurance	13,816	4,558	13,766	15,515	6,102	53,757	-	-	53,757
Landscaping and snow removal	9,834	-	9,211	7,388	874	27,307	-	-	27,307
Non-capital equipment	3,030	1,515	5,090	5,804	7,221	22,660	3,625	-	26,285
Mortgage Interest	-	-	-	4,229	-	4,229	-	-	4,229
Total occupancy	<u>472,340</u>	<u>132,233</u>	<u>437,837</u>	<u>401,713</u>	<u>187,190</u>	<u>1,631,313</u>	<u>196,486</u>	<u>-</u>	<u>1,827,799</u>
Direct program expenses:									
Transportation	76,599	13,301	74,640	75,996	26,007	266,543	-	-	266,543
Food	65,304	2,646	51,931	61,198	4,956	186,035	6,423	-	192,458
Program consultants	4,325	1,070	7,187	7,005	76,415	96,002	37,682	-	133,684
Staff mileage	13,627	5,960	21,606	12,974	7,698	61,865	9,267	-	71,132
Household	16,303	1,415	16,051	12,942	9,397	56,108	438	-	56,546
Staff training	778	93	1,310	942	164	3,287	32,258	-	35,545
Community activities	7,295	3,639	12,263	10,664	227	34,088	-	-	34,088
Consumer allowances	610	7,370	880	3,793	4,483	17,136	-	-	17,136
Medical supplies	1,460	140	1,966	1,416	1,352	6,334	-	-	6,334
Educational supplies	84	5	-	-	6,326	6,415	-	-	6,415
Total direct program expenses	<u>186,385</u>	<u>35,639</u>	<u>187,834</u>	<u>186,930</u>	<u>137,025</u>	<u>733,813</u>	<u>86,068</u>	<u>-</u>	<u>819,881</u>
Other expenses:									
Telephone	12,231	9,152	13,053	10,825	6,978	52,239	41,034	-	93,273
Data processing	-	-	-	-	-	-	104,670	-	104,670
Miscellaneous	4,199	885	5,939	619	7,659	19,301	31,292	304	50,897
Office supplies	8,231	985	13,872	9,991	1,738	34,817	-	-	34,817
Audit fees	-	-	-	-	-	-	38,481	-	38,481
Dues and publications	-	-	-	-	-	-	19,292	-	19,292
Bank fees	-	-	-	-	-	-	14,863	1,308	16,171
Equipment rental	-	-	-	-	-	-	17,184	-	17,184
Postage	-	-	-	-	-	-	10,140	-	10,140
Legal fees	-	-	-	-	-	-	9,870	-	9,870
Printing	-	-	-	-	-	-	8,106	-	8,106
Insurance	-	-	-	-	-	-	4,710	-	4,710
Fundraising expenses	-	-	-	-	-	-	-	21,216	21,216
Advertising and recruitment	-	-	-	-	-	-	2,805	-	2,805
Interest	-	-	-	-	-	-	1,690	-	1,690
Total other expenses	<u>24,661</u>	<u>11,022</u>	<u>32,864</u>	<u>21,435</u>	<u>16,375</u>	<u>106,357</u>	<u>304,137</u>	<u>22,828</u>	<u>433,322</u>
Total operating expenses	<u>\$ 2,765,509</u>	<u>\$ 465,990</u>	<u>\$ 2,752,293</u>	<u>\$ 2,612,184</u>	<u>\$ 1,315,048</u>	<u>\$ 9,911,024</u>	<u>\$ 1,322,028</u>	<u>\$ 26,566</u>	<u>\$ 11,259,618</u>

The accompanying notes are an integral part of these statements.

WALTHAM COMMITTEE, INC.
D/B/A WCI – WORK, COMMUNITY, INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

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

OPERATIONS AND NONPROFIT STATUS

Since 1974, Waltham Committee, Inc. d/b/a WCI - Work, Community, Independence (WCI), a non-profit organization, has provided homes, employment opportunities, community-based day activities, and day habilitation to people with intellectual and developmental disabilities, as well as physical, sensory, mental health, acquired brain injury, and significant medical needs.

WCI fosters the greatest possible degree of independence and competence for individuals that it serves. WCI encourages people to live, work, be a part of the community, and achieve their optimal lifestyle. WCI provides flexible options to people it supports as each individual's needs are different.

WCI operates five divisions: 24 Hour Supports; Individual Supports (less than 24 hour); Deaf/Blind Supports (24 hour and less than 24 hour); Social Supports (serving people with primarily psychiatric and mental health needs; and Day and Employment Supports and services. WCI supports 132 people in 44 single family homes, apartments and condominiums. WCI seeks housing that is accessible as the individuals that it supports age and matches people with housemates that are compatible and of their choosing. Staff are trained specifically in each individual's needs and support people to be integrated into the community of their choice. Five areas of needs that are addressed are, "Rights and Respect", "Individual Control", "Community Integration and Relationship Building", and "Personal Well-Being". WCI also supports 62 people in its Day and Employment Supports division in two locations in Waltham, Massachusetts. It provides Competitive Employment, Individual and Group Employment, Community-Based Day Supports, an Art Initiative Program, and a Life Skills Day Habilitation Program. WCI encourages paid work as its goal; however, not all people can work; therefore, alternative community and therapeutic options are provided.

WCI 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. WCI is also exempt from state income taxes. Donors may deduct contributions made to WCI within the Internal Revenue Code requirements.

SIGNIFICANT ACCOUNTING POLICIES

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

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.

WALTHAM COMMITTEE, INC.
D/B/A WCI – WORK, COMMUNITY, INDEPENDENCE

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

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Unrestricted Net Assets

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by WCI. WCI has grouped its unrestricted net assets into the following categories:

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

Property and equipment net assets reflect the net book value of WCI's property and equipment and deferred financing costs, net of related debt.

Temporarily Restricted Net Assets

WCI receives contributions and grants which are designated by donors for specific purposes. These contributions are recorded as temporarily restricted net assets until they are expended for their designated purposes. Temporarily restricted net assets at June 30, 2011 and 2010, are restricted to fund specific community educational activities for the participants.

Revenue Recognition

Contracts and third party fees are recorded as services are provided and costs are incurred. Program participant fees are recorded when earned. Unrestricted grants and contributions are recorded as operating support and revenue when received or pledged. All other revenue is recorded when earned.

Restricted grants and contributions are recorded as temporarily restricted support and revenue and net assets when received or unconditionally committed. Transfers are made to unrestricted net assets as costs are incurred or time restrictions or program restrictions have lapsed. Donor restricted grants and contributions received and satisfied in the same period are included in unrestricted net assets.

Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated based upon management's estimate of the percentage attributable to each program.

In-kind Contributions

Other organizations contribute program supplies and other goods to WCI in support of various aspects of its programs. These goods are not reflected in the accompanying financial statements since they do not meet the criteria for recognition in the accompanying financial statements.

WALTHAM COMMITTEE, INC.
D/B/A WCI – WORK, COMMUNITY, INDEPENDENCE

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

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-kind Contributions (Continued)

WCI also receives services of volunteers in various aspects of its programs. The value of these services is not reflected in the accompanying financial statements since the value assigned to these services by the donating volunteers is not ascertainable and does not meet the criteria for recognition under U.S. GAAP.

Accounts Receivable

Accounts receivable consist of amounts due for program services provided (see Note 2). Management determines an allowance for doubtful accounts based on historical collections. There was no allowance for doubtful accounts at June 30, 2011 and 2010.

Cash and Cash Equivalents

WCI considers checking, savings, and money market accounts to be cash and cash equivalents for the purpose of the statements of cash flows.

Deposits

Deposits represent security deposits on properties leased by WCI.

Property and Equipment and Depreciation

Property and equipment are recorded at cost, if purchased, or at fair market value at the time of donation (see Note 4). Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings and building improvements	40 years
Leasehold improvements	Lesser of 5 years or length of lease
Furniture and equipment	5 - 10 years
Vehicles	3 - 5 years

Deferred Financing Costs

Deferred financing costs represent closing costs of \$29,409 on the notes payable referred to in Note 7. The costs are amortized over the life of the debt. Accumulated amortization of these costs was \$13,742 as of June 30, 2011 and 2010.

Uncertainty in Income Taxes

WCI follows the criteria for *Accounting for Uncertainty in Income Taxes* which require WCI to report any uncertain tax positions, related interest and penalties, and to adjust its financial statements for the impact thereof. As of June 30, 2011 and 2010, WCI determined that they had no material unrecognized tax benefits to report. WCI files income tax and information returns in the United States Federal and Massachusetts state jurisdictions. These returns are generally subject to examination by tax authorities for three years from the filing date.

WALTHAM COMMITTEE, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
(Continued)

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

WCI expenses advertising costs as incurred. Total advertising costs for the years ended June 30, 2011 and 2010, were \$2,245 and \$2,805, respectively.

Fair Value

WCI follows the criteria of the *Fair Value Measurements* standard. This standard defines fair value, establishes a framework for measuring fair value under U.S. GAAP, and expands disclosures about fair value measurements. This standard establishes a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value.

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

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

Level 3: Inputs that are unobservable.

A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Certificates of Deposit

Certificates of deposit held at June 30, 2011, have original maturity dates ranging from three to eleven months and mature at various dates through June, 2012. The certificates of deposit are classified in the accompanying statement of financial position based upon maturity dates and have been valued using Level 1 inputs.

Subsequent Events

Subsequent events have been evaluated through November 1, 2011, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

(2) FUNDING

WCI receives a substantial portion of its funding from the Commonwealth of Massachusetts (the Commonwealth) under unit-rate and a cost reimbursable contract. This funding is subject to audit by the appropriate governmental agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of WCI as of June 30, 2011 and 2010, or on the changes in its net assets for the years then ended.

WCI received approximately 89% of its total operating support and revenue from the Commonwealth in fiscal years 2011 and 2010. As of June 30, 2011 and 2010, approximately 90% and 65%, respectively, of accounts receivable is due directly from the Commonwealth.

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

(3) LEASE COMMITMENTS

WCI rents various facilities under operating lease agreements. WCI leases residential sites and its administrative offices under lease agreements expiring at various dates through 2025. Monthly rent payments range from \$465 to \$14,125. WCI is also responsible for certain operating expenses under these agreements.

Future payments for the next five fiscal years under these facility lease agreements are as follows:

2012	\$1,007,713
2013	\$ 534,726
2014	\$ 423,167
2015	\$ 378,377
2016	\$ 295,487

Rent expense for the years ended June 30, 2011 and 2010, was \$1,315,922 and \$1,290,149, respectively.

WCI leases office equipment and vehicles under various operating lease agreements expiring at various dates through 2014. Monthly rent payments range from \$290 to \$433.

Remaining future minimum lease payments under these agreements are as follows:

2012	\$47,957
2013	\$40,781
2014	\$12,961

(4) PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2011</u>	<u>2010</u>
Land	\$ 357,982	\$ 357,982
Buildings and building improvements	701,930	701,930
Leasehold improvements	912,239	706,190
Furniture and equipment	529,181	483,039
Vehicles	61,235	32,551
	<u>2,562,567</u>	<u>2,281,692</u>
Less - accumulated depreciation	<u>1,346,600</u>	<u>1,199,811</u>
Net property and equipment	<u>\$1,215,967</u>	<u>\$1,081,881</u>

Depreciation expenses was \$146,789 and \$111,518 for the years ended June 30, 2011 and 2010, respectively, and is included in occupancy and transportation in the accompanying statements of functional expenses.

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

(4) **PROPERTY AND EQUIPMENT** (Continued)

Included in property and equipment at June 30, 2010, is \$213,914 of buildings and \$46,350 of building improvements not in service in fiscal year 2010. WCI began depreciating these items in fiscal year 2011.

(5) **INVESTMENT**

Investment consists of an investment in The Resource Consortium, LLC (the LLC). The LLC is a Massachusetts limited liability company that was organized on August 3, 2000, to arrange for, coordinate, and manage delivery of services benefiting developmentally disabled citizens. The LLC has entered into a contract with the Commonwealth to place individuals in need of care in one of its twelve member nonprofit agencies. WCI is a member agency with an 8.33% investment in the LLC. WCI's investment in the LLC is valued at cost as there is no readily available market value. Under Fair Value Standards (see Note 1), this investment is measured using Level 2 inputs, since the assets of the LLC consist solely of cash and cash equivalents, the valuation of which is indirectly observable to WCI.

(6) **LINE OF CREDIT**

WCI maintains a \$650,000 line of credit agreement with a bank. Borrowings under the agreement are due on demand, are collateralized by substantially all of WCI's assets, and are subject to certain restrictions. The line of credit bears interest at London Interbank Offered Rate (LIBOR) (0.19% and 0.35% at June 30, 2011 and 2010, respectively), plus 3.5%. There was no outstanding balance at June 30, 2011 or 2010. WCI must comply with certain covenants as specified in the agreement. As of June 30, 2011 and 2010, WCI was in compliance with these requirements. This line of credit is renewable annually in June by the bank.

(7) **LONG-TERM DEBT AND CONTINGENT NOTE PAYABLE**

Note Payable

Note payable consists of a note payable to a bank, bearing interest at 4.38%, with monthly principal and interest payments of \$1,932, maturing in April, 2040. Interest expense was \$16,763 and \$4,229 for the years ended June 30, 2011 and 2010, respectively. The note is secured by property on Ellison Park in Waltham, Massachusetts.

Future principal payments over the next five years are as follows:

2012	\$6,716
2013	\$7,016
2014	\$7,329
2015	\$7,656
2016	\$7,998

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

(Continued)

(7) **LONG-TERM DEBT AND CONTINGENT NOTE PAYABLE** (Continued)

Contingent Note Payable

Contingent note payable consists of an interest bearing note payable to Waltham Housing Authority, maturing on July 9, 2030. If WCI maintains certain operational covenants, as defined in the loan agreement, the maturity date can be extended to July 9, 2070. If the operational covenants are not maintained, the outstanding principal, along with default interest at 5% of the outstanding principal balance, compounded annually, will be due immediately. This note is secured by two properties on Central and Heard Streets in Waltham, Massachusetts.

The note agreements contain certain financial and non-financial covenants with which WCI must comply. WCI was in compliance with all covenants at June 30, 2011 and 2010.

(8) **CONTINGENCIES**

In the course of WCI's business, from time-to-time, WCI may be involved in disputes concerning employees and with other individuals. While the employees and other individuals may seek damages in connection with these disputes, WCI denies any wrongdoing in these cases and is taking the appropriate legal steps in defense of these disputes.

(9) **CONCENTRATIONS**

WCI maintains its cash balances in a Massachusetts bank. The Federal Deposit Insurance Corporation (FDIC) insures balances up to certain amounts. At certain times during the year, cash balances exceed the insured amounts. WCI has not experienced any losses in such accounts. WCI believes it is not exposed to any significant credit risk on cash and cash equivalents.

(10) **RETIREMENT PLAN**

WCI maintains a non-ERISA Internal Revenue Code Section 403(b) Retirement Plan (the Plan) for all eligible employees. Employees may make contributions to the Plan up to the maximum allowed by law. WCI cannot make discretionary contributions to the Plan.

(11) **RECLASSIFICATION**

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