

St. Mary's Women and Children's Center, Inc.

Financial Statements

Years Ended September 30, 2011 and 2010

St. Mary's Women and Children's Center, Inc.

FINANCIAL STATEMENTS Years Ended September 30, 2011 and 2010

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
St. Mary's Women and Children's Center, Inc.
Dorchester, Massachusetts

We have audited the accompanying statements of financial position of St. Mary's Women and Children's Center, Inc. (the "Organization") as of September 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 St. Mary's Women and Children's Center, Inc. as of September 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

March 8, 2012
Boston, Massachusetts

St. Mary's Women and Children's Center, Inc.

Statements of Financial Position

September 30, 2011 and 2010

	2011	2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,250,480	\$ 1,165,656
Accounts receivable, net of allowance for doubtful accounts totaling \$4,763 (Note 2)	226,216	359,767
Prepaid expenses	62,143	50,773
Other assets	4,217	9,530
Total current assets	<u>1,543,056</u>	<u>1,585,726</u>
Investments (Note 3)	1,021,211	1,018,446
Property, plant and equipment, net (Notes 4, 5 and 6)	<u>4,877,697</u>	<u>5,024,465</u>
Total assets	<u>\$ 7,441,964</u>	<u>\$ 7,628,637</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable (Note 2)	\$ 125,566	\$ 121,933
Accrued expenses	331,103	311,595
Deferred revenue	216,470	266,198
Current installments of capital lease obligations (Note 5)	13,932	1,743
Current installments of long-term debt (Note 6)	55,084	46,406
Total current liabilities	<u>742,155</u>	<u>747,875</u>
Capital lease obligations, net of current installments (Note 5)	49,877	2,607
Long-term debt, net of current installments (Note 6)	<u>36,319</u>	<u>78,032</u>
Total liabilities	<u>828,351</u>	<u>828,514</u>
Net assets:		
Unrestricted:		
Operations	1,659,432	1,701,689
Net investment in plant	4,722,485	4,895,677
Total unrestricted net assets	<u>6,381,917</u>	<u>6,597,366</u>
Temporarily restricted (Note 11)	231,696	202,757
Total net assets	<u>6,613,613</u>	<u>6,800,123</u>
Total liabilities and net assets	<u>\$ 7,441,964</u>	<u>\$ 7,628,637</u>

See notes to financial statements.

St. Mary's Women and Children's Center, Inc.

Statements of Activities

Years Ended September 30, 2011 and 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and other support:						
Program service fees	\$ 4,984,746	\$ -	\$ 4,984,746	\$ 4,915,242	\$ -	\$ 4,915,242
Rental income (Note 7)	468,384	-	468,384	397,756	-	397,756
Contributions	632,847	476,566	1,109,413	325,580	297,827	623,407
Other income	107,756	-	107,756	122,070	-	122,070
Cafeteria income	29,924	-	29,924	39,927	-	39,927
Private grants	1,500	-	1,500	5,190	-	5,190
Interest and dividend income	5,880	-	5,880	7,212	-	7,212
Gain (loss) on investments	(1,236)	-	(1,236)	4,221	-	4,221
Loss on disposal of assets	-	-	-	(7,779)	-	(7,779)
Net assets released from restrictions for operations (Note 12)	447,627	(447,627)	-	355,250	(355,250)	-
Total revenues and other support	6,677,428	28,939	6,706,367	6,164,669	(57,423)	6,107,246
Expenses: (Notes 2, 8, 9, 10 and 11)						
Program services:						
St. Mary's Home	1,005,843	-	1,005,843	995,895	-	995,895
Margaret's House	1,857,796	-	1,857,796	1,592,909	-	1,592,909
Bridge Home	1,385,575	-	1,385,575	1,443,769	-	1,443,769
Food Services	530	-	530	623	-	623
Women to Work	315,061	-	315,061	203,463	-	203,463
Women's Learning Center	270,970	-	270,970	245,070	-	245,070
Food Services Phoenix House	11,418	-	11,418	17,900	-	17,900
GRLZ	228,633	-	228,633	208,154	-	208,154
Total program services	5,075,826	-	5,075,826	4,707,783	-	4,707,783
Facilities management	531,189	-	531,189	540,208	-	540,208
Cafeteria	10,686	-	10,686	18,535	-	18,535
Supporting services:						
General and administrative	981,055	-	981,055	988,028	-	988,028
Fundraising	294,121	-	294,121	183,840	-	183,840
Total expenses	6,892,877	-	6,892,877	6,438,394	-	6,438,394
Change in net assets	(215,449)	28,939	(186,510)	(273,725)	(57,423)	(331,148)
Net assets at beginning of year	6,597,366	202,757	6,800,123	6,871,091	260,180	7,131,271
Net assets at end of year	\$ 6,381,917	\$ 231,696	\$ 6,613,613	\$ 6,597,366	\$ 202,757	\$ 6,800,123

See notes to financial statements.

St. Mary's Women and Children's Center, Inc.

Statement of Functional Expenses
Year Ended September 30, 2011

	St. Mary's Home	Margaret's House	Bridge Home	Food Services	Women to Work	Women's Learning Center	Food Services Phoenix House	GRLZ	Total Program Services	Facilities Management	Cafeteria	General and Administrative	Fundraising	Total Expenses
Salaries	\$ 562,310	\$ 770,352	\$ 877,136	\$ 137,009	\$ 199,506	\$ 162,409	\$ 2,915	\$ 144,877	\$ 2,856,514	\$ -	\$ 5,830	\$ 477,236	\$ 138,737	\$ 3,478,317
Payroll taxes and other benefits (Notes 2 and 9)	110,108	147,266	181,108	36,675	24,040	40,644	783	32,564	573,188	-	1,794	113,788	24,651	713,421
Total salaries and related expenses	672,418	917,618	1,058,244	173,684	223,546	203,053	3,698	177,441	3,429,702	-	7,624	591,024	163,388	4,191,738
Occupancy	105,020	172,000	108,590	29,591	19,534	24,176	1,354	11,701	471,966	432,073	1,257	57,430	6,479	969,205
Transportation (Note 8)	4,875	3,637	8,435	17	443	499	1	1,761	19,668	91	1	2,327	83	22,170
Supplies and consumables	118,851	317,528	49,510	(232,252)	24,310	8,226	5,587	8,073	299,833	7,433	549	18,173	3,795	329,783
Equipment expenses (Note 8)	7,369	7,778	7,075	4,256	4,202	3,385	93	3,806	37,964	1,214	181	19,974	507	59,840
Professional fees and contracted services	14,585	17,826	50,594	1,425	6,080	2,995	58	7,015	100,578	16,346	61	151,553	520	269,058
Telephone	2,601	5,453	4,294	54	36	44	2	1,831	14,315	789	2	24,551	403	40,060
Other expenses	18,596	321,044	26,203	6,832	13,627	4,679	167	6,666	397,814	14,617	291	69,446	113,123	595,291
Interest expense	-	-	-	-	-	-	-	-	-	-	-	11,680	-	11,680
Depreciation and amortization	61,528	94,912	72,630	16,923	23,283	23,913	458	10,339	303,986	58,626	720	34,897	5,823	404,052
Total expenses	\$ 1,005,843	\$ 1,857,796	\$ 1,385,575	\$ 530	\$ 315,061	\$ 270,970	\$ 11,418	\$ 228,633	\$ 5,075,826	\$ 531,189	\$ 10,686	\$ 981,055	\$ 294,121	\$ 6,892,877

See notes to financial statements.

St. Mary's Women and Children's Center, Inc.

Statement of Functional Expenses
Year Ended September 30, 2010

	St. Mary's Home	Margaret's House	Bridge Home	Food Services	Women to Work	Women's Learning Center	Food Services Phoenix House	GRLZ	Total Program Services	Facilities Management	Cafeteria	General and Administrative	Fundraising	Total Expenses
Salaries	\$ 584,919	\$ 685,120	\$ 967,203	\$ 139,029	\$ 139,475	\$ 146,654	\$ 6,046	\$ 133,471	\$ 2,801,917	\$ 8,997	\$ 6,044	\$ 487,262	\$ 106,693	\$ 3,410,913
Payroll taxes and other benefits (Notes 2 and 9)	109,574	153,712	192,243	26,366	19,005	38,685	1,148	29,035	569,768	3,284	1,902	91,424	15,972	682,350
Total salaries and related expenses	694,493	838,832	1,159,446	165,395	158,480	185,339	7,194	162,506	3,371,685	12,281	7,946	578,686	122,665	4,093,263
Occupancy	101,819	168,036	108,937	28,457	18,785	23,249	1,302	11,253	461,838	415,507	1,209	55,398	6,231	940,183
Transportation (Note 8)	3,662	1,868	6,208	37	210	459	2	1,214	13,660	244	2	1,990	94	15,990
Supplies and consumables	104,955	311,754	49,664	(226,611)	6,498	5,522	8,106	6,783	266,671	6,693	8,105	22,325	5,830	309,624
Equipment expenses (Note 8)	6,729	7,497	10,754	3,082	3,274	3,119	134	1,289	35,878	1,541	134	19,126	418	57,097
Professional fees and contracted services	5,188	7,118	18,345	1,273	3,768	2,787	57	9,710	48,246	13,382	54	161,245	2,886	225,813
Telephone	2,551	4,555	4,198	51	34	42	2	1,762	13,195	748	2	24,250	191	38,386
Other expenses	15,990	154,889	24,689	11,446	8,525	5,606	330	6,742	228,217	10,694	328	83,196	42,849	365,284
Interest expense	-	-	-	-	-	-	-	-	-	-	-	9,838	-	9,838
Depreciation and amortization	60,508	98,360	61,528	17,493	3,889	18,947	773	6,895	268,393	79,118	755	31,974	2,676	382,916
Total expenses	\$ 995,895	\$ 1,592,909	\$ 1,443,769	\$ 623	\$ 203,463	\$ 245,070	\$ 17,900	\$ 208,154	\$ 4,707,783	\$ 540,208	\$ 18,535	\$ 988,028	\$ 183,840	\$ 6,438,394

See notes to financial statements.

St. Mary's Women and Children's Center, Inc.

Statements of Cash Flows

Years Ended September 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Change in net assets	\$ (186,510)	\$ (331,148)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	404,052	382,916
Loss (gain) on investments	1,236	(4,221)
Loss on disposal of assets	-	7,779
Change in accounts receivable	133,551	(228,887)
Change in prepaid expenses	(11,370)	(12,033)
Change in other assets	5,313	5,758
Change in accounts payable	3,633	2,700
Change in accrued expenses	19,508	26,348
Change in deferred revenue	(49,728)	266,198
Total adjustments	506,195	446,558
Net cash provided by operating activities	319,685	115,410
Cash flows from investing activities:		
Purchase of investments	(4,001)	(6,334)
Purchase of property, plant and equipment	(193,621)	(172,585)
Net cash used in investing activities	(197,622)	(178,919)
Cash flows from financing activities:		
Proceeds from long-term debt	15,405	125,730
Payments on long-term debt	(48,440)	(27,167)
Payments of capital lease obligations	(4,204)	(9,041)
Net cash (used in) provided by financing activities	(37,239)	89,522
Net increase in cash and cash equivalents	84,824	26,013
Cash and cash equivalents:		
Beginning of year	1,165,656	1,139,643
End of year	\$ 1,250,480	\$ 1,165,656
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 11,680	\$ 9,838
Capital lease obligations incurred for use of equipment	\$ 63,664	\$ 4,308

See notes to financial statements.

St. Mary's Women and Children's Center, Inc.

Notes to Financial Statements

Years Ended September 30, 2011 and 2010

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

St. Mary's Women and Children's Center, Inc. (the "Organization") is a not-for-profit corporation, located in Dorchester, Massachusetts, established to provide health and human services, including residential services to at risk women and children. The Roman Catholic Archdiocese of Boston is the sole member of the Organization.

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Classification and Reporting of Net Assets

The Organization's financial statement presentation follows the requirements of Financial Accounting Standards Board ("FASB"), Accounting Standards Codification ("ASC") 958, *Financial Statements for Not-For-Profit Organizations*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. A description of the unrestricted, temporarily and permanently restricted net asset classes follows:

- Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed restrictions.
- Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.
- Permanently restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization has no permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

Cash and Cash Equivalents

The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Organization defines cash and cash equivalents as short-term, highly liquid investments with original maturities of three months or less.

St. Mary's Women and Children's Center, Inc.

Notes to Financial Statements

Years Ended September 30, 2011 and 2010

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued

Accounts Receivable

Accounts receivable due from Massachusetts, federal and local funding agencies are carried at the original charge for the services provided less an estimated allowance for doubtful accounts.

Tenant receivables are due from various non-profit organizations occupying office and program space owned by the Organization, and are carried at the original charge less an allowance for doubtful accounts. Rent is due on the first of the month, and is considered past due after thirty days.

Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. Receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off are recorded as other revenue.

Investments and Investment Income

Marketable securities with readily determinable fair values are measured at fair value in the balance sheet. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Effective for the year ended September 30, 2011, the Organization adopted Accounting Standards Update ("ASU") 2010-06, *Improving Disclosures about Fair Market Value Measurements*. This new accounting guidance under ASC 820, *Fair Value Measurements and Disclosures*, was issued by the FASB on January 21, 2010. The additional disclosures required about fair value measurements include, among other things, (a) the amounts and reasons for certain significant transfers among the three hierarchy levels of inputs, (b) the gross, rather than net, basis for certain Level 3 roll-forward information, (c) use of a "class" basis rather than a "majority category" basis for assets and liabilities, and (d) valuation techniques and inputs used to estimate Level 2 and Level 3 fair value measurements. The following information incorporates these new disclosure requirements except for the Level 3 roll-forward information, which is not required until fiscal year 2012.

Under the FASB's authoritative guidance on fair value measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income and cost approaches. In addition, the Organization reports certain investments using the net asset value per share as determined by the investment managers under the so-called "practical expedient". The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques or in accordance with net asset value practical expedient rules, which allow for Level 2 or Level 3 reporting depending on lock-up and notice periods associated with the underlying funds, the Organization is required to provide the following information according to the fair value hierarchy.

St. Mary's Women and Children's Center, Inc.

Notes to Financial Statements

Years Ended September 30, 2011 and 2010

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued

Investments and Investment Income...continued

The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 - Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 - Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data. Level 2 also includes practical expedient investments with redemption periods of ninety days or less.
- Level 3 - Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data. Level 3 also includes practical expedient investments with redemption periods of more than ninety days.

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

Domestic Stock Fund

The fair value of the domestic stock fund is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

Certificates of Deposit

Valuation inputs utilized by the bank for the certificates of deposit under level 2 are based on estimated cash flow projections that utilize an appropriate discount rate based on the maturity date.

There have been no changes to the valuation methodologies as of September 30, 2011 and 2010.

During the years ended September 30, 2011 and 2010, the Organization did not make any transfers between Level 1, Level 2, or Level 3 assets.

St. Mary's Women and Children's Center, Inc.

Notes to Financial Statements

Years Ended September 30, 2011 and 2010

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash, cash equivalents, accounts receivable, accounts payable, accrued liabilities, and short-term borrowings approximates fair value due to the short maturity of these instruments

Property, Plant and Equipment

Property, plant and equipment are recorded at cost or estimated fair market value, if received by donation, at the time such assets are received. Depreciation and amortization is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

	<u>Years</u>
Buildings and improvements	10-40
Furnishings and equipment	3-10
Motor vehicles	5

The Organization follows the accounting standard, *Accounting for Conditional Asset Retirement Obligations*. This standard requires that a liability be recorded for the fair value of an asset retirement specific to certain legal environmental obligations. The recording of a liability is required if the fair value of the obligation can be estimated. As of September 30, 2011 and 2010, the Organization is unaware of any such obligations. The Organization will recognize a liability in the period in which they become aware of such liability and sufficient information is available to reasonably estimate its fair value.

Construction in Progress

Costs associated with the construction of major improvements are accumulated until completion. The completed asset is then depreciated over its estimated useful life once placed in service.

Revenue Recognition

The Organization follows the accrual method of accounting whereby revenue is recorded when earned and expenses are recorded when incurred.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

The programs of the Organization are supported principally by contracts negotiated with various agencies of the Commonwealth of Massachusetts. Therefore, the Organization is subject to the regulations of the Massachusetts Operational Services Division. Revenue is being recorded by the individual programs either at the rates approved under negotiated contracts or the rate of reimbursement as certified by the Massachusetts Operational Services Division.

St. Mary's Women and Children's Center, Inc.

Notes to Financial Statements

Years Ended September 30, 2011 and 2010

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued

Revenue Recognition...continued

Excess of revenue over expenses from the Commonwealth of Massachusetts supported programs, up to certain defined limits, can be utilized by the Organization for expenditures in accordance with its exempt purpose, provided such expenditures are reimbursable under the Operational Services Division's regulations. Amounts in excess of these limits are subject to negotiated use or potential recoupment, and are reported as liabilities.

Contributions

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same fiscal year in which the contribution is received, the Organization reports the support as unrestricted.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

An allowance for uncollectible contributions receivable can be provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution and nature of fundraising activity.

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor stipulations regarding how long the contributed assets must be used, the Organization has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets' useful lives. As a result, all contributions of property and equipment, and of assets contributed to acquire property and equipment, are recorded as restricted support.

Contributions of services are reported 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. Contributions of goods and space to be used in program operations are reported as revenues and expenses of the unrestricted net asset class at the time the goods or space is received.

Income Tax Status

The Organization is qualified under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Organization is subject to federal and state income taxes on unrelated business income.

The Organization adopted FASB ASC 740, "Income Taxes", which clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements.

St. Mary's Women and Children's Center, Inc.

Notes to Financial Statements

Years Ended September 30, 2011 and 2010

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued

Income Tax Status...continued

It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Management believes that the Organization has no material uncertainties in income taxes.

The Organization is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2008.

The Organization will account for interest and penalties related to uncertain tax positions, if any, as part of tax expense.

Advertising

The Organization's policy is to expense advertising costs as incurred.

Recently Issued Accounting Pronouncements

In May 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-04, Fair Value Measurement (Topic 820) "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs". The amendments in this Update result in common fair value measurement and disclosure requirements in U.S. GAAP and IFRSs. Consequently, the amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. For many of the requirements, the FASB does not intend for the amendments in this Update to result in a change in the application of the requirements in Topic 820. Some of the amendments clarify the FASB's intent about the application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The adoption of this guidance is not expected to have a material impact on the Organization's financial statements.

2. RELATED PARTY TRANSACTIONS

The Roman Catholic Archdiocese of Boston ("RCAB") provided health insurance, workers' compensation and comprehensive liability coverage to the Organization totaling \$333,889 and \$310,910 during the years ended September 30, 2011 and 2010, respectively. The Organization was related to Caritas Christi Health Care System ("Caritas Christi"), of which RCAB was the sole member of through November 6, 2010, at which time Caritas Christi was sold to Steward Health Care System ("Steward"). The Organization makes contributions to the Caritas Christi Retirement Plan. As of November 6, 2010, the Caritas Christi Retirement Plan is sponsored by Steward. Total contributions made to the retirement plan were \$21,996 and \$18,330 for the years ended September 30, 2011 and 2010, respectively (Note 9).

The Organization is also related to St. Margaret's Hospital for Women through its affiliation with RCAB. As of September 30, 2011 and 2010, the Organization owed St. Margaret's Hospital for Women \$27,649 and \$26,045, respectively, representing the excess of cash payments made by St. Margaret's to the Organization for certain expenses paid by the Organization on St. Margaret's behalf. This amount is included in accounts payable.

St. Mary's Women and Children's Center, Inc.

Notes to Financial Statements
Years Ended September 30, 2011 and 2010

2. RELATED PARTY TRANSACTIONS...continued

The Organization provides management services to Crossroads Family Shelter, an affiliate of RCAB. Management fees earned from Crossroads Family Shelter during the years ended September 30, 2011 and 2010 totaled \$87,600. As of September 30, 2011 and 2010, \$14,600 due from Crossroads Family Shelter was included in accounts receivable.

3. INVESTMENTS

Following is a summary of investments as of September 30:

	<u>2011</u>	<u>2010</u>
Domestic stock fund	\$ 19,711	\$ 20,613
Certificate of deposit	<u>1,001,500</u>	<u>997,833</u>
	<u>\$ 1,021,211</u>	<u>\$ 1,018,446</u>

The following table is a summary of investments by level within the fair value hierarchy as of September 30:

	Assets Measured at Fair Value on a Recurring Basis			Total
	Fair Value Measurements Using			
	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	
<u>2011</u>				
Assets:				
Domestic stock fund	\$ 19,711	\$ -	\$ -	\$ 19,711
Certificate of deposit	<u>-</u>	<u>1,001,500</u>	<u>-</u>	<u>1,001,500</u>
	<u>\$ 19,711</u>	<u>\$ 1,001,500</u>	<u>\$ -</u>	<u>\$ 1,021,211</u>

	Assets Measured at Fair Value on a Recurring Basis			Total
	Fair Value Measurements Using			
	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	
<u>2010</u>				
Assets:				
Domestic stock fund	\$ 20,613	\$ -	\$ -	\$ 20,613
Certificate of deposit	<u>-</u>	<u>997,833</u>	<u>-</u>	<u>997,833</u>
	<u>\$ 20,613</u>	<u>\$ 997,833</u>	<u>\$ -</u>	<u>\$ 1,018,446</u>

St. Mary's Women and Children's Center, Inc.

Notes to Financial Statements

Years Ended September 30, 2011 and 2010

4. PROPERTY, PLANT AND EQUIPMENT

Following is a summary of property, plant and equipment as of September 30:

	<u>2011</u>	<u>2010</u>
Land, building and improvements	\$ 7,595,188	\$ 7,519,874
Furnishings and equipment	632,726	528,176
Motor vehicles	185,498	167,593
Construction in progress	<u>59,512</u>	<u>-</u>
	8,472,924	8,215,643
Less - accumulated depreciation	<u>3,595,227</u>	<u>3,191,178</u>
Property, plant and equipment, net	<u>\$ 4,877,697</u>	<u>\$ 5,024,465</u>

5. CAPITAL LEASE OBLIGATIONS

	<u>2011</u>	<u>2010</u>
Capital lease agreement with a creditor requiring monthly payments of \$447, including interest at a rate of 17.42%, through October 2010. The capital lease obligation was paid in full during the year ended September 30, 2011.	\$ -	\$ 440
Capital lease agreement with a creditor requiring monthly payments of \$142, including interest at a rate of 13.66%, through May 2013. The capital lease obligation is secured by equipment with a net book value of \$2,155.	2,607	3,910
Capital lease agreement with a creditor requiring monthly payments of \$245, including interest at a rate of 6%, through September 2013. The capital lease obligation is secured by equipment with a net book value of \$5,165.	4,650	-
Capital lease agreement with a creditor requiring monthly payments of \$1,130, including interest at a rate of 6%, through August 2016. The capital lease obligation is secured by equipment with a net book value of \$51,651.	<u>56,552</u>	<u>-</u>
	63,809	4,350
Less - current installments	<u>(13,932)</u>	<u>(1,743)</u>
Capital lease obligations, net of current installments	<u>\$ 49,877</u>	<u>\$ 2,607</u>

St. Mary's Women and Children's Center, Inc.

Notes to Financial Statements

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5. CAPITAL LEASE OBLIGATIONS...continued

The value of minimum future lease payments under the capital lease obligations is as follows for the years ending September 30:

2012	\$ 18,260
2013	17,674
2014	13,560
2015	13,560
2016	<u>12,430</u>
Total minimum lease payments	75,484
Less - amount representing interest	<u>(11,675)</u>
Present value of minimum lease payments	<u>\$ 63,809</u>

Amortization of capital lease assets is included in depreciation expense.

6. LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2011</u>	<u>2010</u>
9.39% note payable to a finance company in monthly installments of \$618 to December 2013. The note is secured by a motor vehicle with a net book value of \$14,682.	\$ 14,963	\$ 20,675
Various notes payable to a finance company in monthly installments of \$3,914, including interest at 7.35%, to January 2014. The note is secured by motor vehicles with a net book value of \$96,760.	63,070	103,763
3.99% note payable to a finance company in monthly installments of \$455 to April 2014. The note is secured by a motor vehicle with a net book value of \$16,115.	<u>13,370</u>	<u>-</u>
Total long-term debt	91,403	124,438
Less - current installments	<u>(55,084)</u>	<u>(46,406)</u>
Long-term debt, net of current installments	<u>\$ 36,319</u>	<u>\$ 78,032</u>

Maturities of long-term debt are as follows for the years ending September 30:

2012	\$ 55,084
2013	31,393
2014	<u>4,926</u>
	<u>\$ 91,403</u>

St. Mary's Women and Children's Center, Inc.

Notes to Financial Statements
Years Ended September 30, 2011 and 2010

7. RENTAL INCOME

The Organization rents out certain office space in a building primarily used for operations. Rental income for the years ended September 30, 2011 and 2010 was \$468,384 and \$397,756, respectively.

The following is a schedule, by years, of the future minimum lease receipts under the noncancelable leases for the years ending September 30:

2012	\$ 455,157
2013	380,472
2014	288,316
2015	83,843
2016	<u>14,393</u>
	<u>\$ 1,222,181</u>

8. OPERATING LEASES

The Organization leases equipment under various operating leases through January 2016. Lease expense for the years ended September 30, 2011 and 2010 amounted to \$22,487 and \$19,462, respectively.

Future minimum lease payments over the remaining term of the leases are as follows for the years ending September 30:

2012	\$ 1,248
2013	1,248
2014	1,248
2015	1,248
2016	<u>416</u>
	<u>\$ 5,408</u>

9. EMPLOYEE BENEFIT PLANS

Through December 2003, the Organization participated in a multi-employer, noncontributory, defined benefit pension plan, administered by the Roman Catholic Archdiocese of Boston Pension Trust, covering substantially all employees. Benefits paid to the plan were based on each participant's compensation and years of service.

Contributions to this plan are based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants. Net periodic pension cost is allocated by RCAB to the participating entities based on separate actuarial calculations for each entity. The assets of the plan are available to pay the benefits of eligible employees of all participating entities. In the event entities participating in the plan are unable to fulfill their financial obligations under the plan, each of the other entities in the plan becomes obligated. Information with respect to the Organization's proportionate share of the excess, if any, of the actuarially computed value of vested benefits over the total pension plan's net assets are not available from the plan's administrator.

St. Mary's Women and Children's Center, Inc.

Notes to Financial Statements

Years Ended September 30, 2011 and 2010

9. EMPLOYEE BENEFIT PLANS...continued

During the year ended September 30, 2009, a new retirement savings plan replaced the previous plan. The old plan will continue to provide benefits to retirees who participated in the plan. The new plan offers contributions at the discretion of the board of directors for all eligible employees, plus the option for eligible employees to make an additional contribution with a contributory match.

Pension expense for both plans for the years ended September 30, 2011 and 2010 totaled \$40,165 and \$64,656, respectively.

In addition, the Organization has a 457(b) deferred compensation plan for a key individual which was established during the year ended September 30, 2011. The plan is to be funded by the Organization annually up to a maximum contribution permitted by law. The Organization has accrued \$16,500 as of September 30, 2011 for this plan.

10. LIABILITY INSURANCE

The Organization secures general liability and umbrella liability coverage under the Roman Catholic Archdiocese of Boston Risk Management and Insurance Program, which is provided on a claims-made basis by the National Catholic Risk Retention Group, Inc. and Princeton Excess and Surplus Lines Insurance Co. The policy covers claims made during its term, but not those occurrences for which claims may be made after expiration of the policy. The Organization intends to renew its coverage on a claims-made basis and has no reason to believe that it will be prevented from such renewal. Additionally, the Organization believes that there is no material exposure for claims incurred but not reported.

11. TEMPORARILY RESTRICTED NET ASSETS

Following is a summary of temporarily restricted net assets as of September 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Scholarship Fund	\$ 49,810	\$ 49,180
Education and Training	75,009	86,705
Margaret's House	-	1,700
SMH Operations	24,375	31,500
Staff Appreciation	2,428	4,025
Janey Fund	5,277	10,000
Small Can Be Big	<u>74,797</u>	<u>19,647</u>
	<u>\$ 231,696</u>	<u>\$ 202,757</u>

12. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restriction totaling \$447,627 and \$355,250 for the years ended September 30, 2011 and 2010, respectively, consist of donations received for GRLZ radio, Women to Work, St. Mary's Home, Bridge Home, Women's Learning Center and Margaret's House to cover operating expenses incurred during the years ended September 30, 2011 and 2010.

St. Mary's Women and Children's Center, Inc.

Notes to Financial Statements

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13. SUBSEQUENT EVENTS

The Organization evaluated subsequent events through March 8, 2012 when the financial statements were available to be issued.