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2013
Audit

COLLEGE BOUND DORCHESTER, INC.

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
SEPTEMBER 30, 2013 AND 2012**

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2013

COLLEGE BOUND DORCHESTER, INC.

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Yoshida & Sokolski, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
College Bound Dorchester, Inc.
Dorchester, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of College Bound Dorchester, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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INDEPENDENT AUDITORS' REPORT

(CONTINUED)

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 College Bound Dorchester, Inc. as of September 30, 2013 and 2012, 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 Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. Additionally, the Schedule of Statements of Activities - Unrestricted Net Assets is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2013, on our consideration of College Bound Dorchester, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College Bound Dorchester, Inc.'s internal control over financial reporting and compliance.

Joshida & Sobhi, P.C.

December 19, 2013

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COLLEGE BOUND DORCHESTER, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 917,625	\$ 892,416
Accounts receivable	440,240	280,836
Parent fee receivables net of allowance for doubtful accounts of \$28,133 and \$20,000 for 2013 and 2012.	28,133	31,024
Pledge receivables	37,500	33,300
Prepaid expenses	34,407	19,235
Investments	-	1,870
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	1,457,905	1,258,681
 PROPERTY AND EQUIPMENT		
Property and equipment, less accumulated depreciation of \$2,243,288 and \$2,176,850 for 2013 and 2012	997,035	972,721
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 2,454,940</u>	<u>\$ 2,231,402</u>

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4**COLLEGE BOUND DORCHESTER, INC.****STATEMENTS OF FINANCIAL POSITION (CONTINUED)****SEPTEMBER 30, 2013 AND 2012****LIABILITIES AND NET ASSETS**

	<u>2013</u>	<u>2012</u>
CURRENT LIABILITIES		
Current portion of notes payable	\$ 17,326	\$ 16,921
Line-of-credit	240,000	100,000
Accounts payable	86,153	71,543
Deferred revenue	33,058	37,483
Accrued liabilities	239,248	154,934
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	615,785	380,881
LONG-TERM DEBT		
Notes payable, net of current portion	460,706	477,587
	<hr/>	<hr/>
TOTAL LIABILITIES	1,076,491	858,468
NET ASSETS		
Unrestricted		
Available for operations	381,414	400,213
Investment in plant	997,035	972,721
	<hr/>	<hr/>
Total unrestricted net assets	1,378,449	1,372,934
	<hr/>	<hr/>
TOTAL NET ASSETS	1,378,449	1,372,934
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,454,940</u>	<u>\$ 2,231,402</u>

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COLLEGE BOUND DORCHESTER, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
SUPPORT AND REVENUE		
Program service and reimbursements	\$ 3,169,315	\$ 3,605,812
Contributions and grants	1,705,590	1,455,038
Other revenue	58,012	46,860
Investment income	<u>2,117</u>	<u>2,448</u>
TOTAL SUPPORT AND REVENUE	4,935,034	5,110,158
EXPENSES		
Program services		
Prevention	2,645,966	2,937,975
Alternative Middle School	191,295	153,924
Intervention	<u>1,059,385</u>	<u>1,026,122</u>
Total program services	3,896,646	4,118,021
Support services	<u>1,117,071</u>	<u>1,051,393</u>
TOTAL PROGRAM AND SUPPORT EXPENSES	5,013,717	5,169,414
IN-KIND CONTRIBUTIONS	<u>84,198</u>	<u>66,377</u>
INCREASE IN NET ASSETS	5,515	7,121
NET ASSETS - BEGINNING OF YEAR	<u>1,372,934</u>	<u>1,365,813</u>
NET ASSETS - END OF YEAR	<u>\$ 1,378,449</u>	<u>\$ 1,372,934</u>

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COLLEGE BOUND DORCHESTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Program Services			Support Services			Total
	Prevention	Alternative Middle School	Intervention	General & Administrative	Fundraising	Total	
Employee compensation and related expenses	\$ 1,146,041	\$ 134,468	\$ 777,668	\$ 2,058,177	\$ 393,923	\$ 264,554	\$ 2,716,654
Occupancy	303,315	19,244	92,248	414,807	93,209	-	508,016
Other program/operating expense	1,121,393	33,176	152,308	1,306,877	13,054	1,030	1,320,961
Subcontract expense	33,074	-	-	33,074	-	60,862	93,936
Direct administrative expense	3,728	460	1,730	5,918	168,445	-	174,363
Other expenses	-	-	13,987	13,987	91,917	27,446	133,350
Depreciation of buildings and equipment	38,415	3,947	21,444	63,806	2,631	-	66,437
TOTAL EXPENSES	\$ 2,645,966	\$ 191,295	\$ 1,059,385	\$ 3,896,646	\$ 763,179	\$ 353,892	\$ 5,013,717

See independent auditors' report and notes to the financial statements.

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COLLEGE BOUND DORCHESTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Program Services</u>				<u>Support Services</u>		<u>Total</u>
	<u>Prevention</u>	<u>Alternative Middle School</u>	<u>Intervention</u>	<u>Total</u>	<u>General & Administrative</u>	<u>Fundraising</u>	
	Employee compensation and related expenses	\$ 1,092,170	\$ 105,682	\$ 729,788	\$ 1,927,640	\$ 347,065	
Occupancy	274,840	12,030	148,577	435,447	50,256	553	486,256
Other program/operating expense	745,943	29,459	120,316	895,718	46,561	725	943,004
Subcontract expense	774,213	-	-	774,213	-	71,767	845,980
Direct administrative expense	13,183	868	5,244	19,295	163,075	-	182,370
Other expenses	2,104	0	-	2,104	67,941	35,653	105,698
Depreciation of buildings and equipment	35,522	5,885	22,197	63,604	3,233	679	67,516
TOTAL EXPENSES	\$ 2,937,975	\$ 153,924	\$ 1,026,122	\$ 4,118,021	\$ 678,131	\$ 373,262	\$ 5,169,414

See independent auditors' report and notes to the financial statements.

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COLLEGE BOUND DORCHESTER, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 5,515	\$ 7,121
ADJUSTMENTS TO RECONCILE INCREASE IN NET ASSETS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Depreciation	66,438	67,516
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable, pledge and parent fee receivables	(156,513)	85,658
(Increase) decrease in other receivables	(4,200)	(29,800)
(Increase) decrease in prepaid expenses	(15,172)	40,707
Decrease in investments	1,870	195
Increase (decrease) in accounts payable	14,610	(51,227)
(Decrease) increase in deferred revenue	(4,425)	14,253
Increase in accrued liabilities	84,314	14,231
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(7,563)</u>	<u>148,654</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(90,752)	(49,304)
NET CASH USED IN INVESTING ACTIVITIES	<u>(90,752)</u>	<u>(49,304)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (payments) from line-of-credit	140,000	(105,000)
Payment of notes payable	(16,476)	(5,199)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>123,524</u>	<u>(110,199)</u>
NET INCREASE (DECREASE) IN CASH	25,209	(10,849)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>892,416</u>	<u>903,265</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 917,625</u>	<u>\$ 892,416</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
<i>Other Noncash Investing and Financing Activities paid during the year for:</i>		
Donated services	\$ 84,198	\$ 66,377
Interest	<u>\$ 25,366</u>	<u>\$ 24,305</u>

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COLLEGE BOUND DORCHESTER, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 1 NATURE OF BUSINESS

Since 1965, Federated Dorchester Neighborhood Houses has provided the community of Dorchester with high-quality education, human and social services. During 2009, the organization changed its name to College Bound Dorchester, Inc. ("College Bound"), which reflects the organization's goal of ensuring that all students are on the path to college. College Bound, over its almost 50 year life, has served thousands of children, youth and adults and invested millions of dollars in the Dorchester community. College Bound has been nationally recognized for the success of several programs. College Bound Dorchester receives funding and support from state, city and private philanthropic entities and individuals.

College Bound's mission is to equip all students it serves with the attitude, skills and experience to graduate from college and positively impact their community. Today, College Bound's place-based education model focuses on critical developmental periods in the lives of 1,000 students each year mainly through three program areas: Prevention, Alternative Middle School, and Intervention.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of College Bound have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

Under accounting principles generally accepted in the United States of America, College Bound is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

A description of College Bound's net asset categories is as follows:

- Unrestricted net assets represent the portion of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations. A portion of the unrestricted net assets attributable to revenue received from Commonwealth of Massachusetts agencies has been determined to be deficit revenue in accordance with Commonwealth of Massachusetts regulations (see Note 11).

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COLLEGE BOUND DORCHESTER, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 2 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

Financial Statement Presentation (Continued)

- Temporarily restricted net assets represent those assets whose use has been limited by donors to a specific time or purpose. Temporarily restricted net assets are reclassified to unrestricted net assets as their time and purpose requirements are met.
- Permanently restricted net assets represent contributions and other inflows of assets whose use by College Bound is limited to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of College Bound.

Use of Estimates

College Bound has adopted FASB ASC 275-10-50-4, which 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

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. Expirations of temporary restrictions on net assets by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets.

Revenue is being recorded when earned by individual programs at the rate of reimbursement for unit contracts and at costs incurred for cost reimbursement contracts as certified by the Massachusetts Rate Setting Commission.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value.

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COLLEGE BOUND DORCHESTER, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

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

Contributions of land, buildings and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire land, buildings and equipment with stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash and short-term investments having maturities of three months or less at the time of purchase, excluding restricted funds and cash held for investment purposes.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense, and an adjustment to a valuation allowance based on its assessments of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off. At September 30, 2013 and 2012, College Bound established valuation allowances totaling \$28,133 and \$20,000 respectively.

Property and Equipment

Operating cash used for plant acquisitions is accounted for as transfers to investment in plant. Proceeds from the sale of plant assets, if unrestricted, are transferred to operating fund balances or, if restricted, to deferred amounts until the terms of the restriction have been met.

Plant assets are recorded at cost or, if received by donation, at estimated fair market value at the time such properties were received.

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COLLEGE BOUND DORCHESTER, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

Depreciation and amortization is provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

	<u>Life</u>
Buildings	15 - 39 years
Furniture, fixtures and equipment	5 - 10 years
Vehicles	3 - 5 years

Expenditures for major renewals and improvements are capitalized for purchases in excess of \$500, while expenditures for maintenance and repairs are expensed as incurred.

Related Parties

During the years ended September 30, 2013 and 2012, College Bound received pro bono legal services from a law firm with an estimated fair market value of \$84,198 and \$66,377, respectively. Two partners of that law firm are members of the College Bound Board of Directors. Their time related to matters as directors has not been included in the pro bono legal services. College Bound will not be charged for these services and they have included this amount as donated revenue and related expense in the current statement of activities.

Income Tax Status

College Bound is an exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Other Matters

All gains and losses arising from the sale, collection or other disposition of non-cash assets are accounted for in the net asset category that owned the assets. Ordinary income from investments, receivables and the like is accounted for in the net asset category owning the assets.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

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COLLEGE BOUND DORCHESTER, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 3 CONCENTRATIONS OF CREDIT RISK

The Federal Deposit Insurance Corporation ("FDIC") insures balances up to \$250,000. At times during the years ended September 30, 2013 and 2012, balances in deposits exceeded FDIC insured limits.

NOTE 4 FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1	• Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that College Bound has the ability to access.
Level 2	• Inputs to the valuation methodology include: <ul style="list-style-type: none">• quoted prices for similar assets or liabilities in active markets;• quoted prices for identical or similar assets or liabilities in inactive markets;• inputs other than quoted prices that are observable for the asset or liability; and• inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the assets or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

COLLEGE BOUND DORCHESTER, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, College Bound's assets at fair value as of September 30, 2013 and 2012:

	<i>Investments at Fair Value as of September 30, 2013</i>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 917,625	\$ -	\$ -	\$ 917,625
Total Assets at Fair Value	\$ 917,625	\$ -	\$ -	\$ 917,625

	<i>Investments at Fair Value as of September 30, 2012</i>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 892,416	\$ -	\$ -	\$ 892,416
Common stock	1,803	67	-	1,870
Total Assets at Fair Value	\$ 894,219	\$ 67	\$ -	\$ 894,286

NOTE 5 PROPERTY AND EQUIPMENT

At September 30, 2013 property and equipment consisted of the following:

	<u>Cost or Basis</u>	<u>Accumulated Depreciation</u>	<u>Depreciated Basis</u>
Buildings and improvements	\$ 2,127,954	\$ 1,166,683	\$ 961,271
Furniture, fixtures and equipment	1,003,819	968,055	35,764
Vehicles	108,550	108,550	-
	\$ 3,240,323	\$ 2,243,288	\$ 997,035

At September 30, 2012, property and equipment consisted of the following:

	<u>Cost or Basis</u>	<u>Accumulated Depreciation</u>	<u>Depreciated Basis</u>
Buildings and improvements	\$ 2,055,403	\$ 1,128,156	\$ 927,247
Furniture, fixtures and equipment	985,618	940,144	45,474
Vehicles	108,550	108,550	-
	\$ 3,149,571	\$ 2,176,850	\$ 972,721

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COLLEGE BOUND DORCHESTER, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 6 *LINE-OF-CREDIT*

During 2012, College Bound entered into a new banking relationship. Beginning May 18, 2012, College Bound has available a \$375,000 line-of-credit. Interest on the outstanding balance is accrued based on a 360-day year at the base rate plus 0.50% but at no point will be below 3.99%. At September 30, 2013 and 2012 the rate was 3.99% and 3.99% respectively. As of September 30, 2013 and 2012 College Bound had outstanding borrowings of \$240,000 and \$100,000, respectively against the line-of-credit.

NOTE 7 *NOTES PAYABLE*

At September 30, 2013 and 2012, notes payable consisted of the following:

	<u>2013</u>	<u>2012</u>
Note payable to Eastern Bank, due May, 2032, plus interest payable monthly at 3.99%, secured by all assets.	\$ 478,032	\$ 494,508
	478,032	494,508
Less: current portion of long-term debt	17,326	16,921
	<u>\$ 460,706</u>	<u>\$ 477,587</u>

Principal payments on note payable are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 17,326
2015	17,607
2016	18,320
2017	19,063
2018	19,835
Thereafter	385,881
	<u>\$ 478,032</u>

NOTE 8 *IN-KIND CONTRIBUTION*

College Bound receives support from many individuals who contribute their time, without charge, to enable College Bound to accomplish its purpose. In-kind contributions of this nature have not been reflected in the statements of activities, as they are not susceptible to objective measurement or valuation. During 2013 and 2012, volunteers provided approximately 7,000 hours, respectively, to College Bound.

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COLLEGE BOUND DORCHESTER, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 8 *IN-KIND CONTRIBUTION (CONTINUED)*

College Bound did receive donated property and other professional services of which the aggregate fair market value was \$84,198 for 2013 and \$66,377 for 2012, which is included in the 2013 and 2012 statements of activities.

NOTE 9 *RETIREMENT PLANS*

College Bound has a salary reduction plan pursuant to Section 401(k) of the Internal Revenue Code for all employees who are at least twenty-one years of age and who have at least one-half year of service (six consecutive month period). The plan is voluntary and contributory. All employees are eligible to participate except non-resident aliens with no United States income. Entry to the Plan occurs on the quarterly entry date coincident with or next following the date the employee becomes eligible. For the years ended September 30, 2013 and 2012 there was no matching employer contribution.

NOTE 10 *LEASES*

College Bound has entered into a lease agreement for space used to operate existing programs and administrative space. The lease commenced on August 1, 2012 for a sixty-month period through July 31, 2017.

The future minimum lease payments for each of the succeeding fiscal years under this noncancelable operating leases consists of the following:

<u>Year</u>	<u>Amount</u>
2014	\$ 199,765
2015	206,258
2016	212,961
2017	182,248
Total minimum lease payments	<u>\$ 801,231</u>

College Bound has another lease agreement through July 31, 2014 of monthly installments in the amount of \$4,069.

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COLLEGE BOUND DORCHESTER, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 11 **SURPLUS REVENUE RETENTION**

The Operational Services Division of the Commonwealth of Massachusetts (the "Commonwealth") has promulgated regulations requiring that all not-for-profit entities engaged in the provision of health and social service programs by contract with state agencies be subject to a revenue retention policy. Under this policy, any surplus generated from contracts with the Commonwealth which exceeds five percent (5%) of the year's Commonwealth revenues or twenty percent (20%) of total Commonwealth revenues on a cumulative basis becomes a liability to the Commonwealth.

Additionally, the Commonwealth requires that providers take steps to segregate state attributed surpluses which falls below five percent (5%) as a segregated account included in unrestricted net assets. As of September 30, 2013, College Bound's state attributed deficit is as follows:

Deficit balance at October 1, 2012	\$ 1,837,782
Fiscal year 2013 deficit	<u>309,299</u>
Deficit balance at September 30, 2013	<u>\$ 2,147,081</u>

NOTE 12 **SUBSEQUENT EVENTS**

College Bound has evaluated subsequent events through December 19, 2013, the date of the financial statements and did not identify any subsequent events that had a material effect in the accompanying financial statements for the year ending September 30, 2013.

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SUPPLEMENTARY INFORMATION

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COLLEGE BOUND DORCHESTER, INC.

STATEMENT OF ACTIVITIES - UNRESTRICTED NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<i>Unrestricted Net Assets</i>		<i>Total</i>
	<i>Operations</i>	<i>Investment in Plant</i>	
SUPPORT AND REVENUE			
Program service and reimbursements	\$ 3,169,315	\$ -	\$ 3,169,315
Contributions and grants	1,705,590	-	1,705,590
Other revenue	58,012	-	58,012
Investment income	2,117	-	2,117
TOTAL SUPPORT AND REVENUE	4,935,034	-	4,935,034
EXPENSES			
Program services			
Prevention	2,645,966	-	2,645,966
Alternative middle school	191,295	-	191,295
Intervention	1,059,385	-	1,059,385
Total program services	3,896,646	-	3,896,646
Support services	1,117,071	-	1,117,071
TOTAL PROGRAM AND SUPPORT EXPENSES	5,013,717	-	5,013,717
IN-KIND CONTRIBUTIONS	84,198	-	84,198
INCREASE IN NET ASSETS	5,515	-	5,515
NET ASSETS - BEGINNING OF YEAR	400,213	972,721	1,372,934
TRANSFERS			
Net property and equipment activity	(24,314)	24,314	-
NET ASSETS - END OF YEAR	\$ 381,414	\$ 997,035	\$ 1,378,449

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COLLEGE BOUND DORCHESTER, INC.

STATEMENT OF ACTIVITIES - UNRESTRICTED NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<i>Unrestricted Net Assets</i>		<i>Total</i>
	<i>Operations</i>	<i>Investment in Plant</i>	
SUPPORT AND REVENUE			
Program service and reimbursements	\$ 3,605,812	\$ -	\$ 3,605,812
Contributions and grants	1,455,038	-	1,455,038
Other revenue	46,860	-	46,860
Investment income	2,448	-	2,448
TOTAL SUPPORT AND REVENUE	5,110,158	-	5,110,158
EXPENSES - NOTE: NEW FORMAT TO UPDATE			
Program services			
Prevention	2,937,975	-	2,937,975
Alternative middle school	153,924	-	153,924
Intervention	1,026,122	-	1,026,122
Total program services	4,118,021	-	4,118,021
Support services	1,051,393	-	1,051,393
TOTAL PROGRAM AND SUPPORT EXPENSES	5,169,414	-	5,169,414
IN-KIND CONTRIBUTIONS	66,377	-	66,377
INCREASE IN NET ASSETS	7,121	-	7,121
NET ASSETS - BEGINNING OF YEAR	374,880	990,933	1,365,813
TRANSFERS			
Net property and equipment activity	18,212	(18,212)	-
NET ASSETS - END OF YEAR	\$ 400,213	\$ 972,721	\$ 1,372,934

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COLLEGE BOUND DORCHESTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

<i>Federal Grantor/Pass-Through Grantor/Program Title</i>	<i>Contract Number</i>	<i>Federal CFDA Number</i>	<i>Disbursements/ Expenditures</i>
United States Department of Agriculture			
Passed through Commonwealth of Massachusetts Department of Education			
Child and Adult Care Food Program	CT DOE SCDOE13758G70532117A	10.558	\$ 63,407
Child and Adult Care Food Program	CT DOE SCDOE13758K70532117A	10.558	3,391
Child and Adult Care Food Program	CT DOE SCDOE13758N70532117A	10.558	16,042
Child and Adult Care Food Program	CT DOE SCDOE13758R70532117A	10.558	1,639
			<u>84,479</u>
United States Department of Agriculture			
Passed through Commonwealth of Massachusetts Department of Education			
National School Lunch Program	CT DOE SCDOE13758G70532112A	10.555	<u>2,234</u>
Total Department of Agriculture			86,713
Department of Health and Human Services			
Passed through Commonwealth of Massachusetts Department of Early Education and Care			
Temporary Assistance for Needy Families	CT EEC 2013 FLEXPOOLINCOMEEL	93.558	52,996
Temporary Assistance for Needy Families	CT EEC 600010FEDERATEDD14IE	93.558	407,190
Temporary Assistance for Needy Families	CT EEC 6300COLLEGEBOUNDPPHL	93.558	<u>78,182</u>
			538,368
CCDF Cluster - Department of Health and Human Services			
Passed through Commonwealth of Massachusetts Department of Early Education and Care			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	CT EEC 2013FLEXPOOLINCOMEEL	93.596	12,234
Child Care and Development Block Grant	CT EEC 2013FLEXPOOLINCOMEEL	93.575	25,455
Child Care and Development Block Grant	CT EEC 600010FEDERATEDD14IE	93.575	195,579
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	CT EEC 600010FEDERATEDD14IE	93.596	93,997
Child Care and Development Block Grant	CT EEC 6100COLLEGEBOUNDPPSP	93.575	218,726
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	CT EEC 6100COLLEGEBOUNDPPSP	93.596	340,821
Child Care and Development Block Grant	CT EEC 2013PRIORPOPSUPPMA01	93.575	247
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	CT EEC 2013PRIORPOPSUPPMA01	93.596	385
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	CT EEC 6300COLLEGEBOUNDPPHL	93.596	18,048
Child Care and Development Block Grant	CT EEC 6300COLLEGEBOUNDPPHL	93.575	<u>37,552</u>
Total CCDF Cluster			<u>943,044</u>
Total Department of Health and Human Services			<u>1,481,412</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,568,125</u>

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COLLEGE BOUND DORCHESTER, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE A BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of College Bound Dorchester, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE B FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at fair market value of the commodities received and disbursed at September 30, 2013.

NOTE C SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-profit Organizations, where in certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented when available.



Yoshida & Sokolski, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
College Bound Dorchester, Inc.
Dorchester, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of College Bound Dorchester, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered College Bound Dorchester, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of College Bound Dorchester, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

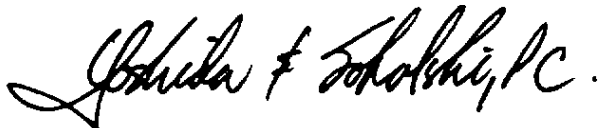
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether College Bound Dorchester, Inc. 's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly this communication is not suitable for any other purpose.



December 19, 2013



Yoshida & Sokolski, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
College Bound Dorchester, Inc.
Dorchester, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited College Bound Dorchester, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of College Bound Dorchester, Inc.'s major federal programs for the year ended September 30, 2013. College Bound Dorchester, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of College Bound Dorchester, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about College Bound Dorchester, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of College Bound Dorchester, Inc.'s compliance.

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Opinion on Each Major Federal Program

In our opinion, College Bound Dorchester, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Internal Control Over Compliance

Management of College Bound Dorchester, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered College Bound Dorchester, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of College Bound Dorchester, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



December 19, 2013

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COLLEGE BOUND DORCHESTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

The auditors' report expressed an unqualified opinion on the financial statements of College Bound Dorchester, Inc.

Internal control over financial reporting:

Material weakness(es) identified yes no

Significant deficiency(ies) identified that are not
Considered to be material weakness? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified that are not
Considered to be material weakness(es)? yes none reported

The auditor's report on compliance for the major programs federal award program for College Bound Dorchester, Inc. expresses an unqualified opinion.

Any audit findings disclosed that are required to be
Reported in accordance with section 510(a) of Circular A-133 yes no

The program tested as a major program was:

Temporary Assistance for Needy Families	\$ 538,368
CCDF Cluster	\$ 943,011

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes no

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COLLEGE BOUND DORCHESTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

1. No matters were reported for any reportable conditions, material weakness and instances of noncompliance related to the financial statements.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. No matters were reported for any reportable conditions, material weaknesses, and instances of non-compliance, including questioned costs as required by Circular A-133.
2. We noted no instances of findings and questioned costs.

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COLLEGE BOUND DORCHESTER, INC.
SUMMARY OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

There were no prior year audit findings that are required to be reported in this Summary Schedule.