



ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidated Financial Statements and Supplementary Schedules

August 31, 2011 and 2010

(With Independent Auditors' Report Thereon)



KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

The Board of Directors
Action for Boston Community Development, Inc.:

We have audited the accompanying consolidated statements of financial position of Action for Boston Community Development, Inc. and subsidiaries (the Organization) as of August 31, 2011 and 2010, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated 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 consolidated 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 consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Action for Boston Community Development, Inc. and subsidiaries as of August 31, 2011 and 2010, and the changes in their net assets and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information included in schedules I and II is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities and are not a required part of the 2011 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the 2011 consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2011 consolidated financial statements taken as a whole.

KPMG LLP

December 27, 2011

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidated Statements of Financial Position

August 31, 2011 and 2010

Assets	2011	2010
Cash and cash equivalents	\$ 8,250,702	7,676,306
Cash held for others (note 8)	861,069	718,723
Accounts receivable (note 9)	8,541,240	17,530,951
Other assets	274,134	279,795
Prepaid assets	310,015	537,062
Property, plant, and equipment, net (note 2)	17,619,777	17,721,919
Total assets	\$ 35,856,937	44,464,756
Liabilities Net Assets		
Liabilities:		
Accounts payable	\$ 2,577,299	8,762,013
Accrued expenses	5,238,738	5,608,285
Funds held for others (note 8)	861,069	718,723
Deferred revenue	4,326,841	6,293,290
Mortgage notes payable (note 4)	4,779,167	5,089,167
Liability for interest rate swap (note 4)	889,752	950,106
Total liabilities	18,672,866	27,421,584
Net assets:		
Unrestricted	17,184,071	17,043,172
Total liabilities and net assets	\$ 35,856,937	44,464,756

See accompanying notes to consolidated financial statements.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidated Statements of Activities

Years ended August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Changes in unrestricted net assets:		
Revenues and other support:		
Federal, state, and local grants	\$ 146,158,823	146,624,408
Contract-related fees	3,534,835	4,142,612
Contributions (in-kind) (note 7)	1,175,736	662,451
Contributions	401,926	279,599
Interest income	43,849	41,575
Miscellaneous	420,947	523,067
Rental income (note 3)	1,718,007	1,594,157
	<u>153,454,123</u>	<u>153,867,869</u>
Total unrestricted revenues and other support		
Expenses:		
Child care choices	54,722,643	54,582,144
Head start	30,313,972	29,738,636
Fuel and energy assistance	15,265,008	16,081,890
Community services	6,025,764	7,596,163
Employment and training	5,554,711	10,243,044
Health services	3,265,029	3,579,987
Weatherization	21,391,801	13,014,239
Housing	2,224,915	2,646,157
Day care	5,028,543	6,012,372
Elder services	1,402,466	1,297,014
Other	1,757,661	2,189,346
Tenant operating costs	1,441,315	1,371,300
Indirect costs	4,979,750	5,177,938
	<u>153,373,578</u>	<u>153,530,230</u>
Total expenses		
Increase in unrestricted net assets from operations	<u>80,545</u>	<u>337,639</u>
Nonoperating:		
Net change in interest rate swap agreement (note 4)	60,354	(243,969)
Proceeds from insurance recovery	—	185,865
	<u>60,354</u>	<u>(58,104)</u>
Total nonoperating		
Increase in net assets	140,899	279,535
Net assets, beginning of year	<u>17,043,172</u>	<u>16,763,637</u>
Net assets, end of year	<u>\$ 17,184,071</u>	<u>17,043,172</u>

See accompanying notes to consolidated financial statements.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidated Statement of Functional Expenses

Year ended August 31, 2011

	Personnel	Consultants and contracted services	Payments on behalf of program participants	Travel	Occupancy	Consumable supplies	Rental or lease of equipment	Other costs	Delegate agency expenditures	Tenant operating costs	Total expenses
Child care choices	\$ 1,050,818	4,098	53,358,127	7,297	113,646	10,162	1,856	176,639	—	—	54,722,643
Head start	19,584,233	2,854,579	23,967	137,270	3,970,275	1,070,956	110,533	2,433,662	128,497	—	30,313,972
Fuel assistance	1,326,852	104,819	13,597,818	3,208	49,785	19,365	3,084	160,077	—	—	15,265,008
Community services	3,738,626	419,638	910	89,867	731,736	152,230	53,558	630,406	208,793	—	6,025,764
Employment and training	4,059,589	670,742	—	57,806	377,932	77,749	20,189	290,704	—	—	5,554,711
Health services	1,030,811	1,356,156	—	26,628	88,988	541,408	1,961	111,847	107,230	—	3,265,029
Weatherization	830,253	12,387,064	7,848,828	60,544	91,676	8,125	1,226	164,085	—	—	21,391,801
Housing	829,879	1,155,002	—	24,034	96,075	9,815	370	109,740	—	—	2,224,915
Day care	4,487,086	13,927	—	57,885	410,207	27,830	5,859	25,749	—	—	5,028,543
Elder services	603,215	11,405	468,700	36,353	86,900	101,693	2,121	92,079	—	—	1,402,466
Other	2,514,774	50,231	—	331,478	466,973	352,420	20,189	(1,978,404)	—	—	1,757,661
Tenant operating costs	—	—	—	—	—	—	—	—	—	1,441,315	1,441,315
Subtotal	<u>40,056,136</u>	<u>19,027,661</u>	<u>75,298,350</u>	<u>832,370</u>	<u>6,484,193</u>	<u>2,371,753</u>	<u>220,946</u>	<u>2,216,584</u>	<u>444,520</u>	<u>1,441,315</u>	<u>148,393,828</u>
Indirect costs	<u>3,824,686</u>	<u>240,294</u>	<u>—</u>	<u>59,947</u>	<u>235,687</u>	<u>61,363</u>	<u>17,852</u>	<u>539,921</u>	<u>—</u>	<u>—</u>	<u>4,979,750</u>
Total operating expenses	<u>\$ 43,880,822</u>	<u>19,267,955</u>	<u>75,298,350</u>	<u>892,317</u>	<u>6,719,880</u>	<u>2,433,116</u>	<u>238,798</u>	<u>2,756,505</u>	<u>444,520</u>	<u>1,441,315</u>	<u>153,373,578</u>

See accompanying notes to consolidated financial statements.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidated Statement of Functional Expenses

Year ended August 31, 2010

	Personnel	Consultants and contracted Services	Payments on behalf of program participants	Travel	Occupancy	Consumable supplies	Rental or lease of equipment	Other costs	Delegate agency expenditures	Tenant operating costs	Total expenses
Child care choices	\$ 1,170,475	36,427	52,977,254	6,497	174,167	11,632	2,326	203,366	—	—	54,582,144
Head start	19,529,441	2,144,462	300,538	184,189	4,460,278	756,397	109,660	2,115,842	137,829	—	29,738,636
Fuel assistance	1,442,773	139,510	14,056,858	7,155	91,167	68,024	11,407	264,996	—	—	16,081,890
Community services	4,774,788	632,382	—	108,196	775,204	180,181	80,647	749,885	294,880	—	7,596,163
Employment and training	7,814,930	994,949	—	82,243	643,676	154,511	18,143	534,592	—	—	10,243,044
Health services	1,173,268	1,546,333	—	28,140	90,027	598,233	2,006	141,980	—	—	3,579,987
Weatherization	539,221	6,784,189	5,492,505	51,664	66,189	14,320	1,797	54,944	9,410	—	13,014,239
Housing	1,251,635	1,016,480	—	30,276	122,590	39,789	7,521	177,866	—	—	2,646,157
Day care	5,259,335	40,809	32	85,990	524,248	47,410	25,684	28,864	—	—	6,012,372
Elder services	557,438	13,746	413,338	46,164	105,100	85,610	3,555	72,063	—	—	1,297,014
Other	2,481,747	(46,976)	—	340,865	200,529	756,525	47,048	(1,590,392)	—	—	2,189,346
Tenant operating costs	—	—	—	—	—	—	—	—	—	1,371,300	1,371,300
Subtotal	45,995,051	13,302,311	73,240,525	971,379	7,253,175	2,712,632	309,794	2,754,006	442,119	1,371,300	148,352,292
Indirect costs	3,839,817	364,450	—	66,974	250,444	107,597	20,482	528,174	—	—	5,177,938
Total operating expenses	\$ 49,834,868	13,666,761	73,240,525	1,038,353	7,503,619	2,820,229	330,276	3,282,180	442,119	1,371,300	153,530,230

See accompanying notes to consolidated financial statements.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidated Statements of Cash Flows

Years ended August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Increase in net assets	\$ 140,899	279,535
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	1,094,534	1,065,063
Change in interest rate swap	(60,354)	243,969
Proceeds from insurance recovery	—	(185,865)
Changes in operating assets and liabilities, excluding cash:		
Accounts receivable	9,047,837	(9,457,059)
Other assets	5,661	19,430
Prepaid assets	227,047	(537,062)
Accounts payable	(6,117,292)	5,841,353
Accrued expenses	(369,547)	1,048,914
Deferred revenue	(1,966,449)	2,003,563
Net cash provided by operating activities	<u>2,002,336</u>	<u>321,841</u>
Cash flows from investing activities:		
Purchase of property, plant, and equipment	(1,059,814)	(1,004,628)
Cash received on repayment of note receivable	87,271	40,789
Issuance of note receivable	(145,397)	—
Proceeds from insurance recovery	—	185,865
Net cash used in investing activities	<u>(1,117,940)</u>	<u>(777,974)</u>
Cash flows from financing activities:		
Principal payments on mortgage notes	(310,000)	(310,000)
Net cash used in financing activities	<u>(310,000)</u>	<u>(310,000)</u>
Net increase/(decrease) in cash and cash equivalents	574,396	(766,133)
Cash and cash equivalents, beginning of year	<u>7,676,306</u>	<u>8,442,439</u>
Cash and cash equivalents, end of year	<u>\$ 8,250,702</u>	<u>7,676,306</u>
Supplemental information:		
Interest paid	\$ 304,409	326,205

Noncash investing activity:

Noncash acquisition of property, plant, and equipment totaled \$39,194 and \$106,616 in 2011 and 2010, respectively.

See accompanying notes to consolidated financial statements.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2011 and 2010

(1) Summary of Significant Accounting Policies

(a) Basis of Consolidated Financial Statement Presentation

The accompanying consolidated financial statements of Action for Boston Community Development, Inc. and subsidiaries (the Organization) are presented on the accrual basis of accounting and include the accounts and activity of Action for Boston Community Development, Inc. (ABCD) and the Organization's real estate operations, combining Action for Boston Community Development Real Estate Corporation, Inc. (the Corporation) and Action for Boston Community Development Properties, Inc. (Community Properties). All significant intercompany activity has been eliminated.

Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned and capital gains, if any, on related investments for general or specific purposes.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Unrestricted net assets – Net assets not subject to donor-imposed stipulations.

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 stipulations or law. Expirations of temporary restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets. The Organization had only unrestricted net assets at August 31, 2011 and 2010.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Promises to give that are scheduled to be received after the consolidated balance sheet date are shown as increases in temporarily restricted net assets and are reclassified to unrestricted net assets when the purpose or time restrictions are met. Promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in permanently restricted net assets. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

ABCD's fundraising costs totaled \$113,747 and \$85,490 for the years ended August 31, 2011 and 2010, respectively.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2011 and 2010

(b) Operations

The consolidated statements of activities report all changes in net assets, including changes in unrestricted net assets from operating and nonoperating transactions. Operating revenues and expenses consist of those items attributable to the Organization's ongoing service efforts.

Because the consolidated statements of cash flows are prepared in accordance with a prescribed format under generally accepted accounting principles, certain amounts included in operations as defined for purposes of the consolidated statements of activities differ from amounts reported as cash flows from operating activities.

(c) Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, the Organization considers investments with maturities at date of purchase of three months or less as cash equivalents.

(d) Property, Plant, and Equipment

Acquisitions of property, plant, and equipment are recorded at cost. Depreciation is recorded on a straight line basis over the estimated useful lives of the assets. Repairs and maintenance costs are expensed in the period in which they are incurred.

(e) Contract-Related Fees

In accordance with certain grant program agreements, ABCD receives reimbursement from program participants for goods and services provided under the grants. Such reimbursement is stipulated in the grant agreements.

(f) Indirect Costs

ABCD charges indirect costs to programs based on a provisional indirect cost rate determined in accordance with guidelines set forth in *Cost Principles and Procedures for Establishing Indirect Cost and Other Rates for Grants and Contracts with the Department of Health and Human Services*. Specifically, ABCD uses the "Direct Allocation Method" to calculate its rate. The estimated indirect cost rate is subject to review by the U.S. Department of Health and Human Services.

(g) Delegate Agencies

Certain activities of ABCD, particularly within the community services and Head Start programs, are carried out by delegate agencies under contract with ABCD. Expenses incurred by delegate agencies are included as ABCD's expenses for purposes of this report.

(h) Income Taxes

The Organization is a not-for-profit organization as described under Internal Revenue Code (IRC) Section 501(c)(3), and the Corporation and Community Properties are not-for-profit organizations as described under Internal Revenue Code (IRC) Section 501(c)(2) and are all generally exempt from income taxes under IRC Section 501(a). The Organization is required to assess uncertain tax positions and has determined that there were no such positions that would jeopardize its tax-exempt status or have a material effect on the financial statements.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2011 and 2010

(i) **Deferred Revenue**

ABCD records grant funds received in advance of incurring eligible expenses as deferred revenue. Revenue is recognized once eligible expenses are incurred.

(j) **Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(2) **Property, Plant, and Equipment**

At August 31, the Organization's property, plant, and equipment were composed of:

	<u>2011</u>	<u>2010</u>	<u>Estimated useful lives</u>
Land	\$ 2,065,100	2,065,100	—
Buildings and improvements	24,792,294	23,909,373	40 years
Computer equipment	1,222,192	1,222,192	3 years
Furniture and equipment	1,589,125	1,555,218	3 – 10 years
Automobiles	25,995	25,995	5 years
Leasehold improvements	1,983,251	1,907,687	Applicable lease term
	<u>31,677,957</u>	<u>30,685,565</u>	
Less accumulated depreciation	<u>(14,058,180)</u>	<u>(12,963,646)</u>	
Net property, plant, and equipment	<u>\$ 17,619,777</u>	<u>17,721,919</u>	

Depreciation expense for the years ended August 31, 2011 and 2010 was \$1,094,535 and \$1,065,063, respectively. Asset retirements for the years ended August 31, 2011 and 2010 were \$0 and \$14,201, respectively.

(3) **Leases**

ABCD leases facilities in the Greater Boston area either as a tenant at will or under leases expiring at various dates through August 31, 2014. All of the leases may be terminated if the funding agencies cease to fund ABCD. For the years ended August 31, 2011 and 2010, total rental expense amounted to \$1,402,983 and \$1,326,002, respectively, including certain real estate tax increases and operating cost adjustments under certain of its leases. Rental expense for facilities not under lease (i.e., tenants at will) amounted to \$325,179 and \$267,962 for the years ended August 31, 2011 and 2010, respectively.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2011 and 2010

At August 31, 2011, ABCD had the following minimum lease commitments:

	<u>Amount</u>
Year ending August 31:	
2012	\$ 1,153,367
2013	1,091,370
2014	961,503
2015	643,451
2016	273,375

In addition, the Corporation leases surplus space in some of its owned properties to third-party tenants, primarily other not-for-profit organizations. At August 31, 2011, the Corporation had the following minimum lease rentals:

	<u>Amount</u>
Year ending August 31:	
2012	\$ 1,464,970
2013	558,107
2014	359,341
2015	302,185
2016	23,512

(4) Mortgage Note Payable

On February 14, 2007, the Corporation entered into a mortgage agreement totaling \$6,200,000. The mortgage note payable bears interest at the 30-day London Interbank Offering Rate (LIBOR) (0.22% and 0.26% at August 31, 2011 and 2010, respectively) plus 0.70%, payable monthly. The maturity date on the mortgage note is the tenth anniversary of the closing date, February 14, 2017. The following represents the future scheduled principal payments:

	<u>Amount</u>
Year ending August 31:	
2012	\$ 310,000
2013	310,000
2014	310,000
2015	310,000
2016	310,000
Thereafter	3,229,167
	<u>\$ 4,779,167</u>

In conjunction with its issuance of variable rate debt, the Corporation entered into an interest rate swap agreement with Citizens Bank. The purpose of the agreement was to swap the variable rate on the underlying debt for a fixed rate of 6.02% for the remaining term of the loan, and not for any speculative

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2011 and 2010

purposes. Accounting rules for derivatives state that the instrument's fair value and changes therein must be included in the Corporation's consolidated financial statements. The value of the swap instrument, which is recorded as a liability of \$889,752 and \$950,106 at August 31, 2011 and 2010, respectively, represents the estimated cost to the Corporation to cancel the agreement at each reporting date and is based on pricing models that consider interest rates and other market factors. Interest rate volatility, remaining outstanding principal, and time to maturity will affect the swap's fair value at subsequent reporting dates. If the Corporation repays the debt on schedule, the value of the swap will reach zero at its final maturity.

GAAP establishes a fair value hierarchy that prioritizes inputs used to measure fair value into three levels. Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date for liabilities, Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data, and Level 3 – unobservable inputs are used when little or no market data is available. Because the swap fair value is based predominantly on observable inputs that are corroborated by market data, it is categorized as Level 2 in the fair value hierarchy.

(5) Lines of Credit

ABCD has an unsecured \$2,000,000 demand line of credit with an interest rate equal to the bank's base lending rate. The line of credit is for working capital purposes. There was no balance outstanding on the line of credit at either August 31, 2011 or 2010.

(6) Pension Plan

The Organization has a defined contribution money purchase plan (the Plan), which provides benefits for its employees. Effective January 1, 2003, eligible employees may contribute as little as \$200 per year, which the Organization will match at the rate of 180% of employee contributions up to a maximum of 9% of the employee's salary. Prior to January 1, 2003, participating employees were required to contribute a minimum of 5% of their annual salary, which was matched by the Organization's contributions of 9% of annual salary.

For the years ended August 31, 2011 and 2010, the Organization's contributions and administrative expenses under the Plan amounted to \$1,883,755 and \$1,979,023, respectively.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2011 and 2010

(7) Contributed Goods and Professional Services

Contributed goods and professional services represent materials and services contributed to ABCD during the years ended August 31, and used for the following purposes:

<u>Nature</u>	<u>2011</u>	<u>2010</u>
Program services:		
Space	\$ 139,365	488,097
Consultants	544,021	39,451
Supplies	223,169	40,783
Food	171,744	73,843
Clothes	55,542	20,277
Equipment	41,895	—
Total program services	<u>\$ 1,175,736</u>	<u>662,451</u>

(8) Funds Raised for Others

ABCD manages separate annual fundraising campaigns for employees of Region I of the federal government, for employees of the Commonwealth of Massachusetts and for employees of the City of Boston. ABCD processes the employee pledges, receives funds deducted from employee paychecks from the employers, and disburses the appropriate amounts to the named beneficiaries as chosen by the employees. These funds are accounted for as agency funds, and do not appear as revenues and expenses in the Organization's consolidated statement of activities.

Amounts raised and disbursed for the years ended August 31 are as follows:

	<u>2011</u>	<u>2010</u>
Funds received:		
Federal campaign	\$ 2,496,710	2,226,471
City of Boston campaign	448,204	282,238
Commonwealth of Massachusetts campaign	1,250,303	1,330,483
Total	<u>\$ 4,195,217</u>	<u>3,839,192</u>
Funds disbursed to beneficiaries	\$ 4,052,871	3,862,892
Funds due to beneficiaries at August 31, 2011 and 2010	861,069	718,723

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2011 and 2010

(9) Accounts Receivable

At August 31, the Organization's accounts receivable were composed of:

	2011	2010
Grants receivable:		
Federal	\$ 1,513,825	2,292,570
Commonwealth of Massachusetts	2,123,464	8,639,963
City of Boston	1,398,394	2,306,077
Other	2,320,295	3,054,456
Accounts receivable:		
Rents	465,863	554,156
Other	332,519	354,975
Note receivable:		
Due from South Boston Action Council, Inc.:		
Original note \$800,000, rate at 6.74%, term 15 years, last payment due October 2014	241,483	328,754
Due from Urban College of Boston:		
Original note \$145,397, rate 3.25%, term 1 year, due August 2012	145,397	—
Total	\$ 8,541,240	17,530,951

(10) Subsequent Events

The Organization evaluated subsequent events for potential recognition or disclosure through December 27, 2011, the date on which the financial statements were issued.

(11) Deficit Revenue Retention (Unaudited)

In compliance with the Massachusetts Division of Purchased Services pursuant to 808 CMR 1.19(3), deficit revenue retention amounts of \$(62,635) and \$(137,339) have been segregated and included in the unrestricted net assets for the years ended August 31, 2011 and 2010, respectively. There are no cumulative surplus revenue retention amounts through August 31, 2011.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidating Schedule of Financial Position

August 31, 2011

Assets	ABCD	ABCD Real Estate Corporation, Inc.⁽¹⁾	Eliminations	Total
Cash and cash equivalents	\$ 7,601,463	649,239	—	8,250,702
Cash held for others	861,069	—	—	861,069
Total cash and cash equivalents	8,462,532	649,239	—	9,111,771
Contracts and accounts receivable	7,831,895	709,345	—	8,541,240
Other assets	310,015	—	—	310,015
Prepaid assets	274,134	—	—	274,134
Property, plant, and equipment, net	629,512	16,990,265	—	17,619,777
Due from Real Estate Corp.	2,148,939	(2,148,939)	—	—
Total assets	<u>\$ 19,657,027</u>	<u>16,199,910</u>	<u>—</u>	<u>35,856,937</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 2,490,619	86,680	—	2,577,299
Accrued expenses	5,238,738	—	—	5,238,738
Funds held for others	861,069	—	—	861,069
Deferred revenue	4,326,841	—	—	4,326,841
Mortgage notes payable	—	4,779,167	—	4,779,167
Liability for interest rate swap	—	889,752	—	889,752
Total liabilities	12,917,267	5,755,599	—	18,672,866
Net assets:				
Unrestricted	6,739,760	10,444,311	—	17,184,071
Total liabilities and net assets	<u>\$ 19,657,027</u>	<u>16,199,910</u>	<u>—</u>	<u>35,856,937</u>

⁽¹⁾ Includes ABCD Real Estate Corporation, Inc. and ABCD Properties, Inc.

See accompanying independent auditors' report.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidating Schedule of Activities

Year ended August 31, 2011

	ABCD	ABCD Real Estate Corporation, Inc. ⁽¹⁾	Eliminations	Total
Changes in unrestricted net assets:				
Revenues and other support:				
Federal, state, and local grants	\$ 146,158,823	—	—	146,158,823
Contract-related fees	3,524,041	10,794	—	3,534,835
Contributions (in-kind)	1,175,736	—	—	1,175,736
Contributions – unrestricted	401,926	—	—	401,926
Interest income	16,748	27,101	—	43,849
Miscellaneous	286,881	134,066	—	420,947
Rental income	—	4,420,183	(2,702,176)	1,718,007
	<u>151,564,155</u>	<u>4,592,144</u>	<u>(2,702,176)</u>	<u>153,454,123</u>
Total unrestricted revenues and other support				
Expenses:				
Child care choices	54,722,643	—	—	54,722,643
Head start	30,313,972	—	—	30,313,972
Fuel assistance	15,265,008	—	—	15,265,008
Community services	6,025,764	—	—	6,025,764
Employment and training	5,554,711	—	—	5,554,711
Health services	3,265,029	—	—	3,265,029
Weatherization	21,391,801	—	—	21,391,801
Housing	2,224,915	—	—	2,224,915
Day care	5,028,543	—	—	5,028,543
Elder services	1,402,466	—	—	1,402,466
Indirect costs	4,979,750	—	—	4,979,750
Other	1,757,661	—	—	1,757,661
Tenant operating costs	—	4,143,491	(2,702,176)	1,441,315
	<u>151,932,263</u>	<u>4,143,491</u>	<u>(2,702,176)</u>	<u>153,373,578</u>
Total expenses				
Increase in unrestricted net assets from operations				
	(368,108)	448,653	—	80,545
Nonoperating:				
Net loss on interest rate swap agreement	—	60,354	—	60,354
Increase in net assets				
	(368,108)	509,007	—	140,899
Net assets, beginning of year				
	7,107,868	9,935,304	—	17,043,172
Net assets, end of year				
	<u>\$ 6,739,760</u>	<u>10,444,311</u>	<u>—</u>	<u>17,184,071</u>

⁽¹⁾ Includes ABCD Real Estate Corporation, Inc. and ABCD Properties, Inc.

See accompanying independent auditors' report.