



ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidated Financial Statements and Supplementary Schedules

August 31, 2013 and 2012

(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.:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Action for Community Development, Inc. and subsidiaries (the Organization), which comprise the consolidated statements of financial position as of August 31, 2013 and 2012, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of August 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information included in Schedules I and II are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in Schedules I and II are fairly stated, in all material respects, in relation to the consolidated 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 13, 2013 on our consideration of the Organization'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 the Organization's internal control over financial reporting and compliance.

KPMG LLP

December 13, 2013

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidated Statements of Financial Position

August 31, 2013 and 2012

Assets	2013	2012
Cash and cash equivalents	\$ 9,636,197	6,297,928
Cash held for others (note 8)	539,042	490,982
Accounts receivable (note 9)	7,778,453	11,175,417
Other assets	265,646	282,773
Property, plant, and equipment, net (note 2)	16,887,389	17,470,046
Total assets	<u>\$ 35,106,727</u>	<u>35,717,146</u>
Liabilities Net Assets		
Liabilities:		
Accounts payable	\$ 5,526,140	4,055,042
Accrued expenses	3,997,682	5,359,787
Funds held for others (note 8)	539,042	490,982
Deferred revenue	2,324,901	3,082,905
Mortgage notes payable (note 4)	4,159,167	4,469,167
Liability for interest rate swap (note 4)	556,312	827,181
Total liabilities	17,103,244	18,285,064
Net assets:		
Unrestricted	18,003,483	17,432,082
Total liabilities and net assets	<u>\$ 35,106,727</u>	<u>35,717,146</u>

See accompanying notes to consolidated financial statements.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidated Statements of Activities

Years ended August 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Changes in unrestricted net assets:		
Revenues and other support:		
Federal, state, and local grants	\$ 145,007,618	147,539,707
Contract-related fees	3,700,015	3,324,032
Contributions (in-kind) (note 7)	2,888,464	1,538,851
Contributions	651,545	514,913
Interest income	21,399	41,853
Miscellaneous	882,254	780,200
Rental income (note 3)	1,795,528	1,804,918
	<u>154,946,823</u>	<u>155,544,474</u>
Total unrestricted revenues and other support		
Expenses:		
Child care choices	49,062,069	49,305,258
Head start	31,324,250	30,245,289
Fuel and energy assistance	13,472,196	12,540,189
Community services	5,977,693	5,832,561
Employment and training	3,944,350	4,386,277
Health services	3,589,637	3,386,226
Weatherization	31,712,954	34,206,098
Housing	1,527,530	1,547,054
Day care	3,955,268	4,070,092
Elder services	1,130,623	1,072,707
Other	2,042,516	2,578,681
Tenant operating costs	1,442,431	1,374,810
Indirect costs	4,780,040	4,813,792
	<u>153,961,557</u>	<u>155,359,034</u>
Total expenses		
Increase in unrestricted net assets from operations	<u>985,266</u>	<u>185,440</u>
Nonoperating:		
Forgiveness of debt (note 9)	(684,734)	—
Net change in interest rate swap agreement (note 4)	270,869	62,571
	<u>(413,865)</u>	<u>62,571</u>
Total nonoperating		
Increase in net assets	571,401	248,011
Net assets, beginning of year	<u>17,432,082</u>	<u>17,184,071</u>
Net assets, end of year	<u>\$ 18,003,483</u>	<u>17,432,082</u>

See accompanying notes to consolidated financial statements.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidated Statement of Functional Expenses

Year ended August 31, 2013

	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	\$ 739,740	—	48,122,468	5,748	103,479	5,127	6,022	79,485	—	—	49,062,069
Head start	18,898,606	3,288,020	191,065	120,036	5,431,362	800,529	151,295	2,441,737	1,600	—	31,324,250
Fuel assistance	1,589,768	958,217	10,549,566	2,402	92,723	13,145	2,895	263,480	—	—	13,472,196
Community services	3,323,675	154,753	800	96,069	692,902	553,965	57,332	682,328	415,869	—	5,977,693
Employment and training	2,510,067	626,241	—	36,185	368,324	85,128	14,874	303,531	—	—	3,944,350
Health services	1,021,828	1,361,476	—	39,672	99,859	776,644	2,159	182,846	105,153	—	3,589,637
Weatherization	832,694	22,951,031	7,693,769	70,588	34,285	12,121	231	118,235	—	—	31,712,954
Housing	679,341	580,747	—	16,952	196,697	6,985	4,510	42,298	—	—	1,527,530
Day care	3,452,047	18,492	44	35,407	392,745	37,288	6,769	12,476	—	—	3,955,268
Elder services	387,847	71,705	387,102	40,759	91,183	74,539	2,586	74,902	—	—	1,130,623
Other	2,781,614	71,823	—	211,261	472,411	98,527	107,192	(1,700,312)	—	—	2,042,516
Tenant operating costs	—	—	—	—	—	—	—	—	—	1,442,431	1,442,431
Subtotal	36,217,227	30,082,505	66,944,814	675,079	7,975,970	2,463,998	355,865	2,501,006	522,622	1,442,431	149,181,517
Indirect costs	3,579,638	273,675	—	41,124	257,114	57,367	15,510	555,612	—	—	4,780,040
Total operating expenses	\$ 39,796,865	30,356,180	66,944,814	716,203	8,233,084	2,521,365	371,375	3,056,618	522,622	1,442,431	153,961,557

See accompanying notes to consolidated financial statements.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidated Statement of Functional Expenses

Year ended August 31, 2012

	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	\$ 822,199	100	48,203,856	7,193	106,560	10,883	10,715	143,752	—	—	49,305,258
Head start	19,726,069	2,608,207	21,745	120,946	3,981,562	784,042	150,851	2,390,495	461,372	—	30,245,289
Fuel assistance	1,223,350	428,891	10,560,353	3,789	60,456	17,526	4,052	241,772	—	—	12,540,189
Community services	3,554,538	426,035	920	91,992	612,436	164,272	61,629	608,259	312,480	—	5,832,561
Employment and training	3,046,538	557,200	—	36,816	450,078	42,339	16,034	237,272	—	—	4,386,277
Health services	1,059,771	1,490,013	11	25,613	92,079	575,565	1,777	120,958	20,439	—	3,386,226
Weatherization	988,491	25,667,816	7,098,333	58,542	137,709	13,232	230	227,614	14,131	—	34,206,098
Housing	590,995	664,533	—	17,563	140,240	22,151	1,631	109,941	—	—	1,547,054
Day care	3,548,661	23,148	—	50,717	337,737	82,073	5,776	21,980	—	—	4,070,092
Elder services	384,371	28,314	355,834	32,612	93,649	91,585	2,070	84,272	—	—	1,072,707
Other	3,353,549	12,790	—	189,268	495,200	236,485	24,351	(1,732,962)	—	—	2,578,681
Tenant operating costs	—	—	—	—	—	—	—	—	—	1,374,810	1,374,810
Subtotal	38,298,532	31,907,047	66,241,052	635,051	6,507,706	2,040,153	279,116	2,453,353	808,422	1,374,810	150,545,242
Indirect costs	3,501,934	278,730	—	61,214	250,641	60,493	30,811	629,969	—	—	4,813,792
Total operating expenses	\$ 41,800,466	32,185,777	66,241,052	696,265	6,758,347	2,100,646	309,927	3,083,322	808,422	1,374,810	155,359,034

See accompanying notes to consolidated financial statements.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidated Statements of Cash Flows

Years ended August 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Increase in net assets	\$ 571,401	248,011
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,031,654	1,060,530
Change in interest rate swap	(270,869)	(62,571)
Forgiveness of debt	684,734	
Changes in operating assets and liabilities, excluding cash:		
Accounts receivable	2,636,101	(2,411,074)
Other assets	17,127	301,376
Accounts payable	1,512,452	1,454,522
Accrued expenses	(1,362,105)	121,049
Deferred revenue	(758,004)	(1,243,936)
Net cash provided by (used in) operating activities	<u>4,062,491</u>	<u>(532,093)</u>
Cash flows from investing activities:		
Purchase of property, plant, and equipment	(490,351)	(887,579)
Cash received on repayment of note receivable	76,129	76,898
Issuance of note receivable	—	(300,000)
Net cash used in investing activities	<u>(414,222)</u>	<u>(1,110,681)</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>
Change in cash and cash equivalents	3,338,269	(1,952,774)
Cash and cash equivalents, beginning of year	<u>6,297,928</u>	<u>8,250,702</u>
Cash and cash equivalents, end of year	<u>\$ 9,636,197</u>	<u>6,297,928</u>
Supplemental information:		
Interest paid	\$ 265,644	286,127

Noncash investing activity:

Noncash acquisition of property, plant, and equipment totaled \$21,061 and \$62,415 in 2013 and 2012, respectively.

See accompanying notes to consolidated financial statements.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2013 and 2012

(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, 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, 2013 and 2012.

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 \$650,979 and \$532,603 for the years ended August 31, 2013 and 2012, respectively.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2013 and 2012

(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 consolidated financial statements.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2013 and 2012

(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 the following:

	<u>2013</u>	<u>2012</u>	<u>Estimated useful lives</u>
Land	\$ 2,065,100	2,065,100	—
Buildings and improvements	26,058,020	25,663,254	40 years
Computer equipment	1,222,192	1,222,192	3 years
Furniture and equipment	1,589,125	1,589,125	3 – 10 years
Automobiles	25,995	25,995	5 years
Leasehold improvements	<u>2,077,321</u>	<u>2,023,090</u>	Applicable lease term
	33,037,753	32,588,756	
Less accumulated depreciation	<u>(16,150,364)</u>	<u>(15,118,710)</u>	
Net property, plant, and equipment	<u>\$ 16,887,389</u>	<u>17,470,046</u>	

Depreciation expense for the years ended August 31, 2013 and 2012 was \$1,031,654 and \$1,060,530, 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 June 30, 2018. All of the leases may be terminated if the funding agencies cease to fund ABCD. For the years ended August 31, 2013 and 2012, total rental expense amounted to \$1,306,428 and \$1,326,754, 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 \$148,737 and \$169,782 for the years ended August 31, 2013 and 2012, respectively.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2013 and 2012

At August 31, 2013, ABCD had the following minimum lease commitments:

	<u>Amount</u>
Year ending August 31:	
2014	\$ 1,044,900
2015	803,954
2016	603,473
2017	488,014
2018	353,495

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, 2013, the Corporation had the following minimum lease rentals:

	<u>Amount</u>
Year ending August 31:	
2014	\$ 1,495,960
2015	1,076,494
2016	727,899
2017	679,249
2018	184,736

(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) (0.18% and 0.23% at August 31, 2013 and 2012, 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:	
2014	\$ 310,000
2015	310,000
2016	310,000
2017	3,229,167
	<u>\$ 4,159,167</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 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,

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2013 and 2012

which is recorded as a liability of \$556,312 and \$827,181 at August 31, 2013 and 2012, 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, 2013 or 2012.

(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, 2013 and 2012, the Organization's contributions and administrative expenses under the Plan amounted to \$1,652,285 and \$1,875,808, respectively.

(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:

Nature	2013	2012
Program services:		
Space	\$ 1,480,087	306,271
Consultants	861,133	720,797
Supplies	106,391	275,549
Food	435,120	179,028
Equipment	5,733	57,206
Total program services	\$ 2,888,464	1,538,851

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2013 and 2012

(8) Funds Raised for Others

ABCD manages separate annual fundraising campaigns for federal employees working in Massachusetts' counties: Worcester, Middlesex, Essex, Norfolk, and Suffolk, 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 statements of activities.

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

	<u>2013</u>	<u>2012</u>
Funds received:		
Federal campaign	\$ 1,776,793	2,135,265
City of Boston campaign	258,421	288,953
Commonwealth of Massachusetts campaign	1,182,282	1,253,203
Total	<u>\$ 3,217,496</u>	<u>3,677,421</u>
Funds disbursed to beneficiaries	\$ 3,169,435	4,047,509
Funds due to beneficiaries at August 31, 2013 and 2012	539,042	490,982

(9) Accounts Receivable

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

	<u>2013</u>	<u>2012</u>
Grants receivable:		
Federal	\$ 1,177,499	733,726
Commonwealth of Massachusetts	1,366,633	1,892,778
City of Boston	1,243,337	1,310,157
Other	3,200,383	5,834,105
Accounts receivable:		
Rents	526,563	554,079
Other	175,582	228,025
Notes and other receivables:		
Due from South Boston Action Council, Inc.:		
Original note \$800,000, rate at 6.74%, term 15 years, last payment due October 2014	88,456	164,585
Due from Urban College of Boston (UCB):		
Original note \$145,397, rate 3.25%, term 1 year, due August 2012	—	145,397
Line of Credit, \$300,000, rate 3.25%, due August 2012	—	300,000
Interest due on notes	—	12,565
Total	<u>\$ 7,778,453</u>	<u>11,175,417</u>

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2013 and 2012

In 2013, the Organization forgave all debt related to the Urban College of Boston. The amounts forgiven include \$457,962 of notes and other receivables and \$226,772 of rent and other receivables due the Organization. The total amount of \$684,734 is recorded as a nonoperating expense, forgiveness of debt.

(10) Subsequent Events

The Organization evaluated subsequent events for potential recognition or disclosure through December 13, 2013, the date on which the consolidated 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 \$(125,642) and \$(70,278) have been segregated and included in the unrestricted net assets for the years ended August 31, 2013 and 2012, respectively. There are no cumulative surplus revenue retention amounts through August 31, 2013.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidating Schedule of Financial Position

August 31, 2013

Assets	ABCD	ABCD Real Estate Corporation, Inc.⁽¹⁾	Eliminations	Total
Cash and cash equivalents	\$ 9,049,257	586,940	—	9,636,197
Cash held for others	539,042	—	—	539,042
Total cash and cash equivalents	9,588,299	586,940	—	10,175,239
Contracts and accounts receivable	7,161,434	617,019	—	7,778,453
Other assets	265,646	—	—	265,646
Property, plant, and equipment, net	535,135	16,352,254	—	16,887,389
Due from Real Estate Corp.	1,272,129	(1,272,129)	—	—
Total assets	<u>\$ 18,822,643</u>	<u>16,284,084</u>	<u>—</u>	<u>35,106,727</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 5,450,727	75,413	—	5,526,140
Accrued expenses	3,997,682	—	—	3,997,682
Funds held for others	539,042	—	—	539,042
Deferred revenue	2,324,901	—	—	2,324,901
Mortgage notes payable	—	4,159,167	—	4,159,167
Liability for interest rate swap	—	556,312	—	556,312
Total liabilities	12,312,352	4,790,892	—	17,103,244
Net assets:				
Unrestricted	6,510,291	11,493,192	—	18,003,483
Total liabilities and net assets	<u>\$ 18,822,643</u>	<u>16,284,084</u>	<u>—</u>	<u>35,106,727</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, 2013

	ABCD	ABCD Real Estate Corporation, Inc. ⁽¹⁾	Eliminations	Total
Changes in unrestricted net assets:				
Revenues and other support:				
Federal, state, and local grants	\$ 145,007,618	—	—	145,007,618
Contract-related fees	3,700,015	—	—	3,700,015
Contributions (in-kind)	2,888,464	—	—	2,888,464
Contributions – unrestricted	651,545	—	—	651,545
Interest income	10,799	10,600	—	21,399
Miscellaneous	875,435	6,819	—	882,254
Rental income	—	4,479,669	(2,684,141)	1,795,528
	<u>153,133,876</u>	<u>4,497,088</u>	<u>(2,684,141)</u>	<u>154,946,823</u>
Total unrestricted revenues and other support				
Expenses:				
Child care choices	49,062,069	—	—	49,062,069
Head start	31,324,250	—	—	31,324,250
Fuel assistance	13,472,196	—	—	13,472,196
Community services	5,977,693	—	—	5,977,693
Employment and training	3,944,350	—	—	3,944,350
Health services	3,589,637	—	—	3,589,637
Weatherization	31,712,954	—	—	31,712,954
Housing	1,527,530	—	—	1,527,530
Day care	3,955,268	—	—	3,955,268
Elder services	1,130,623	—	—	1,130,623
Indirect costs	4,780,040	—	—	4,780,040
Other	2,042,516	—	—	2,042,516
Tenant operating costs	—	4,126,572	(2,684,141)	1,442,431
	<u>152,519,126</u>	<u>4,126,572</u>	<u>(2,684,141)</u>	<u>153,961,557</u>
Total expenses				
Increase in unrestricted net assets from operations				
	614,750	370,516	—	985,266
Nonoperating:				
Forgiveness of debt	(555,156)	(129,578)	—	(684,734)
Net gain on interest rate swap agreement	—	270,869	—	270,869
	<u>59,594</u>	<u>511,807</u>	<u>—</u>	<u>571,401</u>
Increase in net assets				
Net assets, beginning of year	<u>6,450,697</u>	<u>10,981,385</u>	<u>—</u>	<u>17,432,082</u>
Net assets, end of year	<u>\$ 6,510,291</u>	<u>11,493,192</u>	<u>—</u>	<u>18,003,483</u>

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

See accompanying independent auditors' report.