



**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Consolidated Financial Statements and Supplementary Schedules

August 31, 2015 and 2014

(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 Boston Community Development, Inc. and subsidiaries (the Organization), which comprise the consolidated statements of financial position as of August 31, 2015 and 2014, 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, 2015 and 2014, 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 23, 2015 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 23, 2015

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Consolidated Statements of Financial Position

August 31, 2015 and 2014

<b>Assets</b>	<b>2015</b>	<b>2014</b>
Cash and cash equivalents	\$ 27,476,891	11,820,318
Cash held for others (note 8)	506,777	738,556
Accounts receivable (note 9)	13,083,112	15,851,994
Prepaid assets	11,208	358,532
Other assets	302,047	265,646
Property, plant, and equipment, net (note 2)	16,695,546	19,361,218
Total assets	<u>\$ 58,075,581</u>	<u>48,396,264</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 8,267,370	9,160,781
Accrued expenses	3,634,083	4,640,172
Funds held for others (note 8)	506,777	738,556
Deferred revenue	6,567,087	7,796,756
Mortgage notes payable (note 4)	—	7,000,000
Liability for interest rate swap (note 4)	—	632,806
Total liabilities	<u>18,975,317</u>	<u>29,969,071</u>
Net assets:		
Unrestricted	<u>39,100,264</u>	<u>18,427,193</u>
Total liabilities and net assets	<u>\$ 58,075,581</u>	<u>48,396,264</u>

See accompanying notes to consolidated financial statements.

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Consolidated Statements of Activities

Years ended August 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Changes in unrestricted net assets:		
Revenues and other support:		
Federal, state, and local grants	\$ 171,340,401	152,775,306
Contract-related fees	3,159,320	3,510,852
Contributions (in-kind) (note 7)	2,909,355	2,756,316
Contributions	827,618	395,132
Interest income	53,512	10,577
Miscellaneous	541,374	782,482
Rental income (note 3)	1,675,786	1,830,374
Total unrestricted revenues and other support	<u>180,507,366</u>	<u>162,061,039</u>
Expenses:		
Child care choices	57,992,230	53,972,296
Head start	32,938,799	29,617,034
Fuel and energy assistance	14,769,142	11,159,314
Community services	6,431,316	5,853,154
Employment and training	4,582,413	4,914,270
Health services	3,390,789	3,382,280
Weatherization	45,593,883	37,216,386
Housing	1,516,852	1,414,545
Day care	3,341,464	4,607,384
Elder services	888,751	953,396
Other	2,305,723	2,319,898
Tenant operating costs	1,789,078	1,557,925
Indirect costs	4,851,606	4,592,953
Total expenses	<u>180,392,046</u>	<u>161,560,835</u>
Increase in unrestricted net assets from operations	<u>115,320</u>	<u>500,204</u>
Nonoperating:		
Gain on sale of property (net of fees and taxes) (note 2)	20,625,945	—
Net change in interest rate swap agreement	(68,194)	(76,494)
Total nonoperating	<u>20,557,751</u>	<u>(76,494)</u>
Increase in net assets	20,673,071	423,710
Net assets, beginning of year	<u>18,427,193</u>	<u>18,003,483</u>
Net assets, end of year	<u>\$ 39,100,264</u>	<u>18,427,193</u>

See accompanying notes to consolidated financial statements.

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Consolidated Statement of Functional Expenses

Year ended August 31, 2015

	<u>Personnel</u>	<u>Consultants and contracted services</u>	<u>Payments on behalf of program participants</u>	<u>Travel</u>	<u>Occupancy</u>	<u>Consumable supplies</u>	<u>Rental or lease of equipment</u>	<u>Other costs</u>	<u>Tenant operating costs</u>	<u>Total expenses</u>
Child care choices	\$ 983,042	3,195	56,817,154	4,017	106,598	8,642	11,319	58,263	—	57,992,230
Head start	18,853,358	3,526,779	96,290	129,017	5,930,990	1,718,195	480,256	2,203,914	—	32,938,799
Fuel assistance	1,495,710	45,707	12,739,695	3,463	188,471	30,524	1,763	263,809	—	14,769,142
Community services	3,651,667	618,870	151	75,738	755,899	514,348	67,353	747,290	—	6,431,316
Employment and training	3,465,667	292,482	19,365	36,911	384,819	60,077	15,523	307,569	—	4,582,413
Health services	1,070,665	1,293,380	—	24,884	80,086	759,902	1,979	159,893	—	3,390,789
Weatherization	1,119,117	39,559,798	4,476,399	84,717	182,623	21,499	1,849	147,881	—	45,593,883
Housing	590,214	117,030	614,833	15,597	95,010	34,375	4,256	45,537	—	1,516,852
Day care	3,018,941	30,495	15	20,684	233,981	28,799	5,628	2,921	—	3,341,464
Elder services	299,971	3,016	393,112	41,965	33,602	61,976	1,008	54,101	—	888,751
Other	2,600,444	301,184	—	261,467	524,492	391,986	77,018	(1,850,868)	—	2,305,723
Tenant operating costs	—	—	—	—	—	—	—	—	1,789,078	1,789,078
Subtotal	37,148,796	45,791,936	75,157,014	698,460	8,516,571	3,630,323	667,952	2,140,310	1,789,078	175,540,440
Indirect costs	3,600,126	447,144	—	50,397	250,699	81,505	17,559	404,176	—	4,851,606
Total operating expenses	\$ 40,748,922	46,239,080	75,157,014	748,857	8,767,270	3,711,828	685,511	2,544,486	1,789,078	180,392,046

See accompanying notes to consolidated financial statements.

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Consolidated Statement of Functional Expenses

Year ended August 31, 2014

	<b>Personnel</b>	<b>Consultants and contracted services</b>	<b>Payments on behalf of program participants</b>	<b>Travel</b>	<b>Occupancy</b>	<b>Consumable supplies</b>	<b>Rental or lease of equipment</b>	<b>Other costs</b>	<b>Tenant operating costs</b>	<b>Total expenses</b>
Child care choices	\$ 999,870	2,765	52,811,827	8,422	73,382	32,741	5,921	37,368	—	53,972,296
Head start	16,384,362	3,451,806	112,316	85,374	5,429,417	1,703,915	340,257	2,109,587	—	29,617,034
Fuel assistance	1,195,094	7,040	9,650,599	1,745	59,354	12,393	4,803	228,286	—	11,159,314
Community services	3,240,217	620,338	200	83,217	677,399	546,628	40,843	644,312	—	5,853,154
Employment and training	3,348,958	726,365	—	33,593	378,445	163,870	16,138	246,901	—	4,914,270
Health services	1,061,241	1,321,282	—	29,960	67,667	769,294	2,159	130,677	—	3,382,280
Weatherization	1,090,313	29,924,445	5,902,638	61,562	91,110	12,293	4,333	129,692	—	37,216,386
Housing	576,209	622,506	—	16,929	130,691	10,557	10,284	47,369	—	1,414,545
Day care	4,180,788	11,360	325	28,846	355,289	15,078	6,105	9,593	—	4,607,384
Elder services	351,256	16,801	371,279	40,963	39,068	71,826	3,024	59,179	—	953,396
Other	2,295,359	138,544	—	231,029	492,250	235,479	83,627	(1,156,390)	—	2,319,898
Tenant operating costs	—	—	—	—	—	—	—	—	1,557,925	1,557,925
Subtotal	34,723,667	36,843,252	68,849,184	621,640	7,794,072	3,574,074	517,494	2,486,574	1,557,925	156,967,882
Indirect costs	3,475,696	235,723	—	45,326	233,594	92,926	18,188	491,500	—	4,592,953
Total operating expenses	\$ 38,199,363	37,078,975	68,849,184	666,966	8,027,666	3,667,000	535,682	2,978,074	1,557,925	161,560,835

See accompanying notes to consolidated financial statements.

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Consolidated Statements of Cash Flows

Years ended August 31, 2015 and 2014

	<b>2015</b>	<b>2014</b>
Cash flows from operating activities:		
Increase in net assets	\$ 20,673,071	423,710
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	1,171,808	1,081,771
Gain on sale of property	(20,625,945)	—
Change in interest rate swap	68,194	76,494
Changes in operating assets and liabilities, excluding cash:		
Accounts receivable	2,768,882	(8,073,541)
Other assets	(36,401)	—
Prepaid assets	347,324	(358,532)
Accounts payable	(893,411)	3,634,641
Accrued expenses	(1,006,089)	642,491
Deferred revenue	(1,229,669)	5,471,855
Net cash provided by operating activities	1,237,764	2,898,889
Cash flows from investing activities:		
Purchase of property, plant, and equipment	(1,639,863)	(3,555,601)
Net proceeds on sale of property	23,759,672	—
Net cash provided by (used in) investing activities	22,119,809	(3,555,601)
Cash flows from financing activities:		
Proceeds from mortgage note payable	—	7,000,000
Pay-off mortgage note	(6,800,768)	—
Principal payments on mortgage notes	(199,232)	(4,159,167)
Interest rate swap termination	(701,000)	—
Net cash provided by (used in) financing activities	(7,701,000)	2,840,833
Change in cash and cash equivalents	15,656,573	2,184,121
Cash and cash equivalents, beginning of year	11,820,318	9,636,197
Cash and cash equivalents, end of year	\$ 27,476,891	11,820,318
Supplemental information:		
Interest paid	\$ 288,839	238,916
Taxes paid	\$ 1,720,072	—
Noncash investing activity:		
Noncash acquisition of property, plant, and equipment totaled \$510,102 and \$158,130 in 2015 and 2014, respectively.		

See accompanying notes to consolidated financial statements.



## ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2015 and 2014

### (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, 2015 and 2014.

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 \$853,998 and \$556,420 for the years ended August 31, 2015 and 2014, respectively.

## **ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

### Notes to Consolidated Financial Statements

August 31, 2015 and 2014

**(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, 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**

Office of Management and Budget Circular A-122 establishes the policy that a single Federal agency is responsible for the review, negotiation and approval of indirect cost rates for use on Federal awards by non-profit organizations. Normally, the Federal agency with the predominate financial interest is the cognizant agency. ABCD charges indirect costs to programs based on a provisional indirect cost rate that is approved by its cognizant agency, the U.S. Department of Health and Human Services, Division of Cost Allocation in accordance with the authority in OMB Circular A-122.

**(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

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Notes to Consolidated Financial Statements

August 31, 2015 and 2014

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.

*(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) Fair Value*

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.

*(k) 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.

*(l) Reclassifications*

Certain 2014 information has been reclassified to conform to the 2015 presentation.

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

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

	<u>2015</u>	<u>2014</u>	<u>Estimated useful lives</u>
Land	\$ 2,065,100	2,065,100	—
Buildings and improvements	24,718,777	29,446,863	40 years
Computer equipment	1,222,192	1,222,192	3 years
Furniture and equipment	1,569,412	1,617,745	3 – 10 years
Automobiles	25,995	25,995	5 years
Leasehold improvements	<u>2,300,427</u>	<u>2,215,459</u>	Applicable lease term
	31,901,903	36,593,354	
Less accumulated depreciation	<u>(15,206,357)</u>	<u>(17,232,136)</u>	
Net property, plant, and equipment	<u>\$ 16,695,546</u>	<u>19,361,218</u>	

## ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

### Notes to Consolidated Financial Statements

August 31, 2015 and 2014

Depreciation expense for the years ended August 31, 2015 and 2014 was \$1,171,808 and \$1,081,771, respectively.

In July 2015, the Organization sold its Shawmut Avenue Property (Shawmut Property) for \$26,250,000. The Organization recognized a gain on the sale, net of related taxes and closing costs of approximately \$20.6 million. Net proceeds were used to retire the Shawmut Property's debt and to terminate the related interest rate swap on the debt totaling; \$6,800,768 and \$701,000, respectively. The remaining cash proceeds of approximately \$13.8 million at August 31, 2015, subject to board approval, will be invested for the long-term benefit of the Organization.

### (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, 2020. All of the leases may be terminated if the funding agencies cease to fund ABCD. For the years ended August 31, 2015 and 2014, total rental expense amounted to \$1,414,466 and \$1,229,290, 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 \$270,257 and \$158,426 for the years ended August 31, 2015 and 2014, respectively.

At August 31, 2015, ABCD had the following minimum lease commitments:

	<u>Amount</u>
Year ending August 31:	
2016	\$ 1,641,045
2017	968,924
2018	930,860
2019	720,139
2020	562,699

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, 2015, the Corporation had the following minimum lease rentals:

	<u>Amount</u>
Year ending August 31:	
2016	\$ 878,189
2017	540,655
2018	153,070
2019	79,022
2020	48,781

### (4) Mortgage Note Payable

As discussed in note 2, in 2015 the Organization retired its mortgage note and related interest rate swap associated with the Shawmut Property.

## ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

### Notes to Consolidated Financial Statements

August 31, 2015 and 2014

At August 31, 2014, the Organization had an outstanding balance due on its mortgage note payable of \$7,000,000. Related to its mortgage note payable, the Organization recorded a liability of \$632,806 as of August 31, 2014, for the fair value of the associated interest rate swap. Because the swap's fair value was based predominantly on observable inputs that are corroborated by market data, it was categorized as Level 2 in the GAAP fair value hierarchy.

#### (5) Line 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, 2015 or 2014.

#### (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, 2015 and 2014, the Organization's contributions and administrative expenses under the Plan amounted to \$1,628,561 and \$1,533,176, 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	2015	2014
Program services:		
Space	\$ 1,414,218	1,334,615
Consultants	748,187	852,894
Supplies	336,302	135,778
Food	410,648	405,705
Equipment	—	27,324
Total program services	\$ 2,909,355	2,756,316

#### (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

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Notes to Consolidated Financial Statements

August 31, 2015 and 2014

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:

	<b>2015</b>	<b>2014</b>
Funds received:		
Federal campaign	\$ 1,416,206	1,806,010
City of Boston campaign	216,663	216,504
Commonwealth of Massachusetts campaign	925,217	1,075,582
Total	\$ 2,558,086	3,098,096
Funds disbursed to beneficiaries	\$ 2,789,866	2,898,582
Funds due to beneficiaries at August 31, 2015 and 2014	506,777	738,556

**(9) Accounts Receivable**

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

	<b>2015</b>	<b>2014</b>
Grants receivable:		
Federal	\$ 2,865,289	1,843,662
Commonwealth of Massachusetts	2,432,370	3,716,307
City of Boston	1,340,020	602,762
Other	5,755,599	8,105,466
Accounts receivable:		
Rents	576,317	572,404
Other	113,517	977,605
Notes and other receivables:		
Due from South Boston Action Council, Inc.:		
Original note \$800,000, rate at 6.74%, term 15 years,	—	27,907
Due from Low Cost Housing Corporation	—	5,881
Total	\$ 13,083,112	15,851,994

**(10) Subsequent Events**

The Organization evaluated subsequent events for potential recognition or disclosure through December 23, 2015, the date on which the consolidated financial statements were issued.

**(11) Surplus/Deficit Revenue Retention (Unaudited)**

In compliance with the Massachusetts Division of Purchased Services pursuant to 808 CMR 1.19(3), surplus/deficit revenue retention amounts of \$176,956 and \$26,017 have been segregated and included in the unrestricted net assets for the years ended August 31, 2015 and 2014, respectively.

## ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

## Consolidating Schedule of Financial Position

August 31, 2015

Assets	ABCD	ABCD Real Estate Corporation, Inc. <sup>(1)</sup>	Eliminations	Total
Cash and cash equivalents	\$ 27,118,102	358,789	—	27,476,891
Cash held for others	506,777	—	—	506,777
Total cash and cash equivalents	27,624,879	358,789	—	27,983,668
Contracts and accounts receivable	12,506,795	576,317	—	13,083,112
Prepaid assets	11,208	—	—	11,208
Other assets	302,047	—	—	302,047
Property, plant, and equipment, net	538,708	16,156,838	—	16,695,546
Due from Real Estate Corp.	(15,230,226)	15,230,226	—	—
Total assets	\$ 25,753,411	32,322,170	—	58,075,581
<b>Liabilities and Net Assets</b>				
Liabilities:				
Accounts payable	\$ 8,235,902	31,468	—	8,267,370
Accrued expenses	3,634,083	—	—	3,634,083
Funds held for others	506,777	—	—	506,777
Deferred revenue	6,567,087	—	—	6,567,087
Mortgage notes payable	—	—	—	—
Total liabilities	18,943,849	31,468	—	18,975,317
Net assets:				
Unrestricted	6,809,562	32,290,702	—	39,100,264
Total liabilities and net assets	\$ 25,753,411	32,322,170	—	58,075,581

<sup>(1)</sup> 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, 2015

	ABCD	ABCD Real Estate Corporation, Inc. <sup>(1)</sup>	Eliminations	Total
Changes in unrestricted net assets:				
Revenues and other support:				
Federal, state, and local grants	\$ 171,340,401	—	—	171,340,401
Contract-related fees	3,159,320	—	—	3,159,320
Contributions (in-kind)	2,909,355	—	—	2,909,355
Contributions – unrestricted	827,618	—	—	827,618
Interest income	51,827	1,685	—	53,512
Miscellaneous	541,074	300	—	541,374
Rental income		4,463,429	(2,787,643)	1,675,786
Total unrestricted revenues and other support	<u>178,829,595</u>	<u>4,465,414</u>	<u>(2,787,643)</u>	<u>180,507,366</u>
Expenses:				
Child Care Choices	57,992,230	—	—	57,992,230
Head Start	32,938,799	—	—	32,938,799
Fuel assistance	14,769,142	—	—	14,769,142
Community services	6,431,316	—	—	6,431,316
Employment and Training	4,582,413	—	—	4,582,413
Health Services	3,390,789	—	—	3,390,789
Weatherization	45,593,883	—	—	45,593,883
Housing	1,516,852	—	—	1,516,852
Day care	3,341,464	—	—	3,341,464
Elder services	888,751	—	—	888,751
Indirect costs	4,851,606	—	—	4,851,606
Other	2,305,723	—	—	2,305,723
Tenant operating costs	—	4,576,721	(2,787,643)	1,789,078
Total expenses	<u>178,602,968</u>	<u>4,576,721</u>	<u>(2,787,643)</u>	<u>180,392,046</u>
Increase (decreased) in unrestricted net assets from operations	226,627	(111,307)	—	115,320
Nonoperating:				
Gain on sale of property (net of fees and taxes)	—	20,625,945	—	20,625,945
Change in interest rate swap agreement	—	(68,194)	—	(68,194)
Increase in net assets	226,627	20,446,444	—	20,673,071
Net assets, beginning of year	<u>6,582,935</u>	<u>11,844,258</u>	<u>—</u>	<u>18,427,193</u>
Net assets, end of year	<u>\$ 6,809,562</u>	<u>32,290,702</u>	<u>—</u>	<u>39,100,264</u>

<sup>(1)</sup> Includes ABCD Real Estate Corporation, Inc. and ABCD Properties, Inc.

See accompanying independent auditors' report.