



ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidated Financial Statements and Supplementary Schedules

August 31, 2016 and 2015

(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 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, 2016 and 2015, 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, 2016 and 2015, 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 Matter

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 is presented for purposes of additional analysis and is 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 is 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 21, 2016 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 21, 2016

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidated Statements of Financial Position

August 31, 2016 and 2015

Assets	2016	2015
Cash and cash equivalents	\$ 9,835,297	27,476,891
Cash held for others (note 8)	502,516	506,777
Accounts receivable (note 9)	16,929,536	13,083,112
Prepaid assets	874,396	11,208
Other assets	340,080	302,047
Investments (note 2)	16,480,772	—
Property, plant, and equipment, net (note 3)	20,109,309	16,695,546
Total assets	<u>\$ 65,071,906</u>	<u>58,075,581</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 8,617,497	8,267,370
Accrued expenses	8,899,355	3,634,083
Funds held for others (note 8)	502,516	506,777
Deferred revenue	7,113,256	6,567,087
Total liabilities	25,132,624	18,975,317
Net assets:		
Unrestricted	39,939,282	39,100,264
Total liabilities and net assets	<u>\$ 65,071,906</u>	<u>58,075,581</u>

See accompanying notes to consolidated financial statements.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidated Statements of Activities

Years ended August 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues and other support:		
Federal, state, and local grants	\$ 164,918,151	171,340,401
Contract-related fees	2,859,834	3,159,320
Contributions (in-kind) (note 7)	3,550,158	2,909,355
Contributions	378,165	827,618
Interest income	239,410	53,512
Rental income (note 4)	1,208,327	1,675,786
Miscellaneous	573,933	541,374
	<u>173,727,978</u>	<u>180,507,366</u>
Unrestricted revenues and other support		
Expenses:		
Child care choices	56,295,359	57,992,230
Head Start	35,341,524	32,938,799
Fuel and energy assistance	13,977,823	14,769,142
Community services	7,520,434	6,431,316
Employment and training	5,568,766	4,582,413
Health services	3,202,651	3,390,789
Weatherization	35,043,823	45,593,883
Housing	2,361,989	1,516,852
Day care	4,561,648	3,341,464
Elder services	828,906	888,751
Other	2,434,446	2,305,723
Tenant operating costs	227,731	1,789,078
Indirect costs	5,602,629	4,851,606
	<u>172,967,729</u>	<u>180,392,046</u>
Total expenses		
Increase in unrestricted net assets from operations	<u>760,249</u>	<u>115,320</u>
Nonoperating activities:		
Net gain from investment activity	78,769	—
Gain on sale of property (note 3)	—	20,625,945
Net change in interest rate swap agreement	—	(68,194)
	<u>78,769</u>	<u>20,557,751</u>
Increase in unrestricted net assets from nonoperating activities		
Increase in net assets	839,018	20,673,071
Net assets, beginning of year	<u>39,100,264</u>	<u>18,427,193</u>
Net assets, end of year	\$ <u><u>39,939,282</u></u>	\$ <u><u>39,100,264</u></u>

See accompanying notes to consolidated financial statements.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidated Statement of Functional Expenses

Year ended August 31, 2016

	Personnel	Consultants and contracted services	Payments on behalf of program participants	Travel	Occupancy	Consumable supplies	Rental or lease of equipment	Other costs	Tenant operating costs	Total expenses
Child care choices	\$ 1,065,806	400	55,035,212	5,860	114,132	17,674	8,324	47,951	—	56,295,359
Head start	19,659,515	3,092,096	67,963	112,605	7,557,155	1,275,585	529,136	3,047,469	—	35,341,524
Fuel assistance	1,711,902	45,343	11,695,289	3,317	190,454	23,426	11,952	296,140	—	13,977,823
Community services	4,072,992	671,391	300	93,934	1,156,357	623,297	130,183	771,980	—	7,520,434
Employment and training	3,502,722	1,050,839	41,525	42,417	463,686	96,829	45,464	325,284	—	5,568,766
Health services	915,713	1,363,282	—	20,132	93,839	717,857	1,799	90,029	—	3,202,651
Weatherization	1,059,341	28,530,751	5,099,445	101,792	91,520	17,189	27,821	115,964	—	35,043,823
Housing	972,077	—	1,017,610	47,588	110,205	152,309	10,794	51,406	—	2,361,989
Day care	3,973,927	—	2,813	18,633	553,235	10,491	781	1,768	—	4,561,648
Elder services	238,232	2,520	380,749	42,871	53,492	63,555	4,763	42,724	—	828,906
Other	2,623,866	270,391	—	257,720	618,409	265,417	141,443	(1,742,800)	—	2,434,446
Tenant operating costs	—	—	—	—	—	—	—	—	227,731	227,731
Subtotal	39,796,093	35,027,013	73,340,906	746,869	11,002,484	3,263,629	912,460	3,047,915	227,731	167,365,100
Indirect costs	4,392,286	327,293	—	47,181	242,118	105,052	35,515	453,184	—	5,602,629
Total operating expenses	\$ 44,188,379	35,354,306	73,340,906	794,050	11,244,602	3,368,681	947,975	3,501,099	227,731	172,967,729

See accompanying notes to consolidated financial statements.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidated Statement of Functional Expenses

Year ended August 31, 2015

	Personnel	Consultants and contracted services	Payments on behalf of program participants	Travel	Occupancy	Consumable supplies	Rental or lease of equipment	Other costs	Tenant operating costs	Total expenses
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 Statements of Cash Flows

Years ended August 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Increase in net assets	\$ 839,018	20,673,071
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	1,272,317	1,171,808
Gain on sale of property	—	(20,625,945)
Change in interest rate swap	—	68,194
Net realized and unrealized investment gains	(78,769)	—
Changes in operating assets and liabilities, excluding cash:		
Accounts receivable	(3,846,424)	2,768,882
Other assets	(38,033)	(36,401)
Prepaid assets	(863,188)	347,324
Accounts payable	(531,541)	(893,411)
Accrued expenses	5,265,271	(1,006,089)
Deferred revenue	546,170	(1,229,669)
Net cash provided by operating activities	<u>2,564,821</u>	<u>1,237,764</u>
Cash flows from investing activities:		
Purchases of investments	(18,430,985)	—
Proceeds from sale of investments	2,028,982	—
Purchase of property, plant, and equipment	(3,804,412)	(1,639,863)
Net proceeds on sale of property	—	23,759,672
Net cash (used in) provided by investing activities	<u>(20,206,415)</u>	<u>22,119,809</u>
Cash flows from financing activities:		
Pay-off of mortgage note	—	(6,800,768)
Principal payments on mortgage notes	—	(199,232)
Interest rate swap termination	—	(701,000)
Net cash used in financing activities	<u>—</u>	<u>(7,701,000)</u>
Change in cash and cash equivalents	(17,641,594)	15,656,573
Cash and cash equivalents, beginning of year	<u>27,476,891</u>	<u>11,820,318</u>
Cash and cash equivalents, end of year	\$ <u>9,835,297</u>	\$ <u>27,476,891</u>
Supplemental information:		
Interest paid	\$ —	288,839
Taxes (refunded) paid	(718,446)	1,720,072
Noncash investing activity:		
Noncash acquisition of property, plant, and equipment	\$ 1,391,770	510,102
Change in accounts payable attributable to property, plant and equipment	\$ 881,668	351,972

See accompanying notes to consolidated financial statements.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2016 and 2015

(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 can 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, 2016 and 2015.

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.

(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.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2016 and 2015

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 to be cash equivalents. Cash included in investments will be used for investing activity, and as such is excluded from cash and cash equivalents.

(d) *Property, Plant, and Equipment*

Acquisitions of property, plant, and equipment are recorded at cost, unless the assets are acquired through donation, in which case they are recorded at estimated fair value. 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*

The Office of Management and Budget Uniform Guidance (Uniform Guidance) 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, if the organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. 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.

(g) *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). All are 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.

(h) *Deferred Revenue*

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

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2016 and 2015

(i) **Fundraising Costs**

ABCD's fundraising costs totaled \$735,502 and \$853,998 for the years ended August 31, 2016 and 2015, respectively.

(j) **Investments**

Investments are reported at fair value in the Organization's consolidated financial statements.

(k) **Fair Value**

Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. 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. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The Organization's investments are categorized in Level 1 of the hierarchy.

(l) **Use of Estimates**

The preparation of 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) **Investments**

The Organization's investments are summarized as follows at August 31, 2016:

Investment class	Amount
U.S. equities	\$ 9,011,290
Corporate bonds	3,049,822
Mutual funds	662,207
Cash	3,734,717
Accrued interest	22,736
	<u>\$ 16,480,772</u>

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2016 and 2015

Total return on investments consisted of the following for the year ended August 31, 2016:

Interest and dividend income	\$	183,342
Unrealized gain		405,678
Realized loss		<u>(326,909)</u>
Total return on investments	\$	<u><u>262,111</u></u>

(3) Property, Plant, and Equipment

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

	<u>2016</u>	<u>2015</u>	<u>Estimated useful lives</u>
Land	\$ 2,065,100	2,065,100	—
Buildings and improvements	27,389,988	24,718,777	5-40 years
Computer equipment	1,801,842	1,222,192	3 years
Furniture and equipment	1,569,412	1,569,412	3-10 years
Automobiles	25,995	25,995	5 years
Leasehold improvements	<u>3,735,646</u>	<u>2,300,427</u>	Applicable lease term
	36,587,983	31,901,903	
Less accumulated depreciation	<u>(16,478,674)</u>	<u>(15,206,357)</u>	
Net property, plant, and equipment	\$ <u><u>20,109,309</u></u>	<u><u>16,695,546</u></u>	

Depreciation expense for the years ended August 31, 2016 and 2015 was \$1,272,317 and \$1,171,808, respectively.

In July 2015, the Organization sold its Shawmut Avenue 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. Cash proceeds of \$16,278,645 were invested for the long-term benefit of the Organization after approval of the Organization's board of directors.

(4) 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, 2016 and 2015, total rental expense amounted to \$2,291,616 and \$1,414,466, 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 \$486,191 and \$270,257 for the years ended August 31, 2016 and 2015, respectively.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2016 and 2015

At August 31, 2016, ABCD had the following minimum lease commitments:

	<u>Amount</u>
Year ending August 31:	
2017	\$ 1,438,720
2018	1,292,143
2019	1,161,943
2020	1,006,261
2021	863,751

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, 2016, the Corporation had the following minimum lease rentals:

	<u>Amount</u>
Year ending August 31:	
2017	\$ 1,006,737
2018	514,555
2019	314,244
2020	284,956
2021	128,302

(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, 2016 or 2015.

(6) Pension Plan

The Organization has a defined contribution money purchase plan (the Plan), which provides benefits for its employees. 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.

For the years ended August 31, 2016 and 2015, the Organization's contributions and administrative expenses under the Plan amounted to \$1,845,971 and \$1,628,561, respectively.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2016 and 2015

(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>2016</u>	<u>2015</u>
Program services:		
Space	\$ 2,474,711	1,414,218
Consultants	528,862	748,187
Supplies	109,206	336,302
Food	431,440	410,648
Equipment	5,939	—
Total program services	<u>\$ 3,550,158</u>	<u>2,909,355</u>

(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>2016</u>	<u>2015</u>
Funds received:		
Federal campaign	\$ 1,216,074	1,416,206
City of Boston campaign	77,642	216,663
Commonwealth of Massachusetts campaign	753,731	925,217
Total	<u>\$ 2,047,447</u>	<u>2,558,086</u>
Funds disbursed to beneficiaries	\$ 2,051,708	2,789,866
Funds due to beneficiaries at August 31, 2016 and 2015	502,516	506,777

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Notes to Consolidated Financial Statements

August 31, 2016 and 2015

(9) Accounts Receivable

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

	<u>2016</u>	<u>2015</u>
Grants receivable:		
Federal	\$ 1,691,235	2,865,289
Commonwealth of Massachusetts	5,512,628	2,432,370
City of Boston	1,660,047	1,340,020
Other	7,389,562	5,755,599
Accounts receivable:		
Rents	558,730	576,317
Other	117,334	113,517
Total	<u>\$ 16,929,536</u>	<u>13,083,112</u>

(10) Subsequent Events

The Organization evaluated subsequent events for potential recognition or disclosure through December 21, 2016, the date on which the consolidated financial statements were available to be 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 \$(233,822) and \$176,956 have been segregated and included in the unrestricted net assets for the years ended August 31, 2016 and 2015, respectively.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidating Schedule of Financial Position

August 31, 2016

Assets	ABCD	ABCD Real Estate Corporation, Inc. ⁽¹⁾	Eliminations	Total
Cash and cash equivalents	\$ 9,737,810	97,487	—	9,835,297
Cash held for others	502,516	—	—	502,516
Total cash and cash equivalents	10,240,326	97,487	—	10,337,813
Accounts receivable	16,370,751	558,785	—	16,929,536
Prepaid assets	874,396	—	—	874,396
Other assets	340,080	—	—	340,080
Investments	16,480,772	—	—	16,480,772
Property, plant, and equipment, net	2,265,434	17,843,875	—	20,109,309
Due from (to) Real Estate Corp.	(14,803,220)	14,803,220	—	—
Total assets	<u>\$ 31,768,539</u>	<u>33,303,367</u>	<u>—</u>	<u>65,071,906</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 8,586,029	31,468	—	8,617,497
Accrued expenses	8,899,355	—	—	8,899,355
Funds held for others	502,516	—	—	502,516
Deferred revenue	7,113,256	—	—	7,113,256
Total liabilities	25,101,156	31,468	—	25,132,624
Net assets:				
Unrestricted	6,667,383	33,271,899	—	39,939,282
Total liabilities and net assets	<u>\$ 31,768,539</u>	<u>33,303,367</u>	<u>—</u>	<u>65,071,906</u>

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

See accompanying independent auditors' report.

ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidating Schedule of Activities

Year ended August 31, 2016

	ABCD	ABCD Real Estate Corporation, Inc. ⁽¹⁾	Eliminations	Total
Revenues and other support:				
Federal, state, and local grants	\$ 164,918,151	—	—	164,918,151
Contract-related fees	2,859,834	—	—	2,859,834
Contributions (in-kind)	3,550,158	—	—	3,550,158
Contributions	378,165	—	—	378,165
Interest income	238,811	599	—	239,410
Miscellaneous	573,931	2	—	573,933
Rental income	—	4,125,041	(2,916,714)	1,208,327
Unrestricted revenues and other support	<u>172,519,050</u>	<u>4,125,642</u>	<u>(2,916,714)</u>	<u>173,727,978</u>
Expenses:				
Child care choices	56,295,359	—	—	56,295,359
Head Start	35,341,524	—	—	35,341,524
Fuel and energy assistance	13,977,823	—	—	13,977,823
Community services	7,520,434	—	—	7,520,434
Employment and training	5,568,766	—	—	5,568,766
Health services	3,202,651	—	—	3,202,651
Weatherization	35,043,823	—	—	35,043,823
Housing	2,361,989	—	—	2,361,989
Day care	4,561,648	—	—	4,561,648
Elder services	828,906	—	—	828,906
Indirect costs	5,602,629	—	—	5,602,629
Other	2,434,446	—	—	2,434,446
Tenant operating costs		3,144,445	(2,916,714)	227,731
Total expenses	<u>172,739,998</u>	<u>3,144,445</u>	<u>(2,916,714)</u>	<u>172,967,729</u>
Increase (decrease) in unrestricted net assets from operations	(220,948)	981,197	—	760,249
Nonoperating activities:				
Net gain from investment activity	78,769	—	—	78,769
Increase (decrease) in net assets	(142,179)	981,197	—	839,018
Net assets, beginning of year	<u>6,809,562</u>	<u>32,290,702</u>	<u>—</u>	<u>39,100,264</u>
Net assets, end of year	<u>\$ 6,667,383</u>	<u>33,271,899</u>	<u>—</u>	<u>39,939,282</u>

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

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