

**ACTION, INC.  
AND AFFILIATE**

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

(WITH ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

**ACTION, INC.  
AND AFFILIATE**

**FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013 AND 2012**

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# Bruce D. Norling, CPA, P.C.

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Action, Inc. and Affiliate

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Action, Inc. and Affiliate as of September 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 17, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. The Supplemental Schedules on pages 25 and 26 are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2014, 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.

*Bruce D. Norling, CPA, P.C.*

February 11, 2014

**ACTION, INC. AND AFFILIATE  
COMBINED STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2013 AND 2012**

<b>ASSETS</b>	<u>2013</u>	<u>2012</u>
<b>CURRENT ASSETS</b>		
Cash & Cash Equivalents	\$ 1,865,895	\$ 1,045,675
Certificates of Deposit	702,311	398,076
Investments	17,155	16,435
Prepaid Expenses	19,237	34,738
Accounts Receivable	<u>3,579,547</u>	<u>2,887,823</u>
<b>TOTAL CURRENT ASSETS</b>	<u>6,184,145</u>	<u>4,382,747</u>
<b>FIXED ASSETS</b>		
Property & Equipment, net	5,213,188	4,423,686
<b>OTHER ASSETS</b>		
Deposits	<u>3,805</u>	<u>3,773</u>
<b>LONG-TERM ASSETS</b>		
Certificate of Deposit	<u>250,000</u>	<u>250,000</u>
<b>TOTAL ASSETS</b>	<u>\$ 11,651,138</u>	<u>\$ 9,060,206</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 2,161,025	\$ 1,607,939
Accrued Expenses	259,393	212,962
Deferred Revenue	506,868	599,780
Current Portion of Long-Term Debt	<u>54,617</u>	<u>44,512</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>2,981,903</u>	<u>2,465,193</u>
<b>LONG-TERM DEBT</b>	<u>1,655,701</u>	<u>1,122,899</u>
Total Liabilities	<u>4,637,604</u>	<u>3,588,092</u>
<b>NET ASSETS</b>		
Net Assets - Temporarily Restricted	813,481	337,691
Net Assets - Unrestricted	<u>6,200,053</u>	<u>5,134,423</u>
<b>TOTAL NET ASSETS</b>	<u>7,013,534</u>	<u>5,472,114</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 11,651,138</u>	<u>\$ 9,060,206</u>

The accompanying notes are an integral part of these financial statements.

**ACTION, INC. AND AFFILIATE**  
**COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

	2013			2012		
	UNRESTRICTED	TEMPORARILY		UNRESTRICTED	TEMPORARILY	
		RESTRICTED	TOTAL		RESTRICTED	TOTAL
<b>PUBLIC SUPPORT AND REVENUES</b>						
Program revenue and other support	\$ 47,790,410	\$ -	\$ 47,790,410	\$ 34,302,143	\$ -	\$ 34,302,143
Rental income	246,512	-	246,512	214,483	-	214,483
Contributions	308,619	598,618	907,237	283,231	140,507	423,738
In-kind contributions	96,228	-	96,228	80,923	-	80,923
Investment income	16,488	-	16,488	9,814	-	9,814
Net assets released from restrictions	122,828	(122,828)	-	119,369	(119,369)	-
<b>TOTAL SUPPORT AND REVENUES</b>	<b>48,581,085</b>	<b>475,790</b>	<b>49,056,875</b>	<b>35,009,963</b>	<b>21,138</b>	<b>35,031,101</b>
<b>EXPENSES</b>						
Program expenses:						
Fuel assistance	1,631,575	-	1,631,575	1,711,960	-	1,711,960
Weatherization	340,360	-	340,360	2,149,447	-	2,149,447
Energy management	40,001,875	-	40,001,875	25,638,196	-	25,638,196
Housing	462,287	-	462,287	234,127	-	234,127
Emergency shelter	481,392	-	481,392	469,751	-	469,751
Youth compass program	247,288	-	247,288	204,114	-	204,114
Employment and training	196,058	-	196,058	277,076	-	277,076
Advocacy	233,154	-	233,154	210,360	-	210,360
Homemaker	2,223,287	-	2,223,287	1,983,875	-	1,983,875
Waste water alternative	16,005	-	16,005	-	-	-
Housing opportunities for persons with AIDS	395,151	-	395,151	452,945	-	452,945
Other	261,278	-	261,278	165,659	-	165,659
<b>TOTAL PROGRAM EXPENSES</b>	<b>46,489,710</b>	<b>-</b>	<b>46,489,710</b>	<b>33,497,510</b>	<b>-</b>	<b>33,497,510</b>
Supportive services:						
Management and general	1,006,455	-	1,006,455	869,727	-	869,727
Fund raising	19,290	-	19,290	14,642	-	14,642
<b>TOTAL EXPENSES</b>	<b>47,515,455</b>	<b>-</b>	<b>47,515,455</b>	<b>34,381,879</b>	<b>-</b>	<b>34,381,879</b>
<b>CHANGES IN NET ASSETS</b>	<b>1,065,630</b>	<b>475,790</b>	<b>1,541,420</b>	<b>628,084</b>	<b>21,138</b>	<b>649,222</b>
<b>NET ASSETS, Beginning of Year</b>	<b>5,134,423</b>	<b>337,691</b>	<b>5,472,114</b>	<b>4,506,339</b>	<b>316,553</b>	<b>4,822,892</b>
<b>NET ASSETS, End of Year</b>	<b>\$ 6,200,053</b>	<b>\$ 813,481</b>	<b>\$ 7,013,534</b>	<b>\$ 5,134,423</b>	<b>\$ 337,691</b>	<b>\$ 5,472,114</b>

The accompanying notes are an integral part of these financial statements.

**ACTION, INC. AND AFFILIATE**  
**COMBINED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER, 30, 2013 AND 2012**

	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets	\$ 1,541,420	\$ 649,222
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Net Unrealized Gain	(490)	-
Depreciation	140,375	120,490
Changes in Operating Assets:		
(Increase) Decrease in Accounts Receivable	(691,724)	(201,587)
(Increase) Decrease in Prepaid Expenses	15,501	(14,345)
(Increase) Decrease in Deposits	(32)	149
Changes in Operating Liabilities:		
Increase (Decrease) in Accounts Payable	553,086	(728,265)
Increase (Decrease) in Accrued Expenses	46,431	(12,422)
Increase (Decrease) in Deferred Revenue	(92,912)	(1,021,850)
Net Cash From Operating Activities	1,511,655	(1,208,608)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchases) Maturities of Certificates of Deposit, Net	(304,235)	161,211
(Purchases) of Investments	(230)	0
(Purchases) of Property and Equipment	(929,877)	(354,965)
Net Cash from Investing Activities	(1,234,342)	(193,754)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan Proceeds	591,114	-
Loan Repayments	(48,207)	(42,503)
Net Cash From Financing Activities	542,907	(42,503)
 <b>NET INCREASE (DECREASE) IN CASH</b>	820,220	(1,444,865)
 <b>CASH, Beginning of year</b>	1,045,675	2,490,540
 <b>CASH, End of year</b>	\$ 1,865,895	\$ 1,045,675
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest Paid	\$ 52,402	\$ 58,942
 <b>NON-CASH TRANSACTION:</b>		
Deferred Asset Transferred to Property and Equipment	\$ -	\$ 58,485

The accompanying notes are an integral part of these financial statements.

**ACTION, INC. AND AFFILIATE**  
**COMBINED STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED SEPTEMBER, 30, 2013 AND 2012**

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>2013 Total</u>	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>2012 Total</u>
Salaries	\$ 2,225,418	\$ 522,031	\$ 4,741	\$ 2,752,190	\$ 2,054,831	\$ 505,363	\$ 3,671	\$ 2,563,865
Payroll taxes	203,530	44,938	417	248,885	174,586	43,154	358	218,098
Fringe benefits	368,425	72,253	-	440,678	322,156	73,059	-	395,215
Direct care consultants	1,792,749	-	-	1,792,749	1,650,849	-	-	1,650,849
Consultants	291,467	9,733	-	301,200	307,796	4,540	-	312,336
Temporary labor	1,461	8,040	-	9,501	1,256	3,910	-	5,166
Depreciation	107,053	33,322	-	140,375	101,198	19,292	-	120,490
Travel	114,221	15,564	175	129,960	115,296	14,236	-	129,532
Occupancy	190,373	21,196	-	211,569	115,899	15,216	-	131,115
Interest	47,310	9,862	-	57,172	51,242	7,700	-	58,942
Utilities	69,480	6,254	-	75,734	64,014	5,428	-	69,442
Office supplies and expenses	58,036	16,509	663	75,208	50,991	9,751	-	60,742
Insurance	23,506	28,673	-	52,179	20,137	27,045	-	47,182
Equipment	24,014	10,072	-	34,086	39,654	7,788	-	47,442
Postage	9,703	5,561	-	15,264	10,066	4,286	-	14,352
Printing	8,061	4,613	-	12,674	6,821	3,624	-	10,445
Professional fees	24,176	64,890	-	89,066	27,464	26,648	-	54,112
Telephone	35,639	16,605	53	52,297	31,689	12,322	-	44,011
Data processing	61,787	89,869	480	152,136	49,496	69,317	480	119,293
Licenses and dues	6,092	11,139	-	17,231	3,123	8,465	-	11,588
Training	35,078	4,675	80	39,833	36,749	2,432	-	39,181
Recognition	11,787	-	-	11,787	11,557	-	-	11,557
Fuel expense	1,293,029	-	-	1,293,029	1,405,839	-	-	1,405,839
Food	24,985	-	-	24,985	22,408	-	-	22,408
Other	36,043	6,146	1,241	43,430	39,266	2,548	-	41,814
Advertising	6,332	3,980	-	10,312	4,890	3,603	-	8,493
Outside contracts	33,200	530	-	33,730	197,446	-	-	197,446
Heating system	2,877,515	-	-	2,877,515	1,624,936	-	-	1,624,936
Rent assistance	503,197	-	-	503,197	427,435	-	-	427,435
Program operations	35,909,815	-	11,440	35,921,255	24,447,497	-	10,133	24,457,630
In-kind	96,228	-	-	96,228	80,923	-	-	80,923
<b>Totals</b>	<b>\$ 46,489,710</b>	<b>\$ 1,006,455</b>	<b>\$ 19,290</b>	<b>\$ 47,515,455</b>	<b>\$ 33,497,510</b>	<b>\$ 869,727</b>	<b>\$ 14,642</b>	<b>\$ 34,381,879</b>

The accompanying notes are an integral part of the financial statements.

**ACTION, INC. AND AFFILIATE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**Organization**

The accompanying financial statements reflect the combined financial statements of Action, Inc. and its Affiliate, Housing Together Community Housing Corporation (the Agency).

Action, Inc. is a nonprofit organization, tax exempt under section 501(c)(3) of the Internal Revenue Code, and is not a private foundation. The organization is organized under Chapter 180 of the Commonwealth of Massachusetts General Laws. The purpose of Action, Inc. is to operate programs that assist the low income, homeless and elderly. The major programs are Shelter for the homeless, Homemaker Program for the elderly, and Advocacy and Energy programs for those in need. Funding for these programs comes from federal, state and private agencies.

Home Together Community Housing Corporation is a nonprofit organization, tax exempt under section 501(c)(3) of the Internal Revenue Code, and is not a private foundation. The purpose of the organization is to hold the title for a building and land that is used to provide homeless and low-income families with affordable housing. The board members of Home Together Community Housing Corporation are also members of the board of Action, Inc., and therefore, Action, Inc. controls the organization. Construction and occupancy of this housing project was completed during 2013.

**Financial Statement Presentation**

The financial statements of the Agency have been prepared on the accrual basis of accounting.

Net assets of the Agency are classified into three categories. The classifications are related to the existence or absence of donor-imposed restrictions as follows:

*Permanently restricted net assets* - Assets that must be maintained by the Agency in perpetuity. At September 30, 2013 and 2012, the Agency had no permanently restricted net assets.

*Temporarily restricted net assets* - Assets whose use is limited by either donor-imposed time restrictions or purpose restrictions.

*Unrestricted net assets* - Assets that are available for support of operations and not subject to donor-imposed stipulations. They are neither temporarily restricted nor permanently restricted.

**ACTION, INC. AND AFFILIATE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

**Revenue and Expenses**

Revenue and expenses are recognized on the accrual basis of accounting.

**Fixed Assets**

Acquisitions of property, improvements, furniture and equipment in excess of \$5,000 and having an estimated useful life of more than one year, are capitalized at cost. Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight line method.

The Agency computes depreciation using the straight-line method over the following estimated lives:

Buildings	40 years
Building Improvements	19 - 41 years
Furniture & Equipment	3 - 10 years

**Contributions**

The Agency recognizes all contributions at their fair values in the period the contribution is received or promised. The Agency also distinguishes between contributions received that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets.

The Agency reports any gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted contributions received where related restrictions are met in the same reporting period are classified as unrestricted revenue.

**Revenue Recognition**

Grants and contracts received from government agencies are generally cost reimbursement agreements. Accordingly, grant and contract income equals expenses incurred; therefore, the excess (deficit) is carried as a liability (deferred revenue) or as an asset (accounts receivable), respectively.

**Use of Estimates**

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the reporting period. Actual results could differ from those estimates.

**ACTION, INC. AND AFFILIATE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Deferred Revenue**

Deferred revenue represents amounts received in advance of incurring expenses for particular program activities that are considered exchange transactions. Such amounts are recorded as support when the related program expenditure is made.

**Certificates of Deposit**

Certificates of deposits are investments held that do not meet the criteria to be measured at fair value, therefore are recorded at their carrying value. Certificates of deposits with original maturities greater than three months and remaining maturities less than one year are classified as current assets. Certificates of deposits with remaining maturities greater than one year are classified as long-term assets. The Agency holds various certificates of deposit, all but one have maturities less than one year from September 30, 2013. The interest rates on the bank certificates of deposit range from 0.40% to 0.85%.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants, contracts and others. Balances that are still outstanding after management has used reasonable collection efforts are written off. The balance in the allowance for doubtful accounts was zero at September 30, 2013 and 2012. There is no finance charge assessed for overdue accounts receivable.

**Nonprofit Status and Income Taxes**

The Agency qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to income tax. The Agency is not a private foundation under Section 509(a)(1). Certain unrelated business income as defined in the Internal Revenue Code, is subject to federal income tax. For the year ended September 30, 2013, there was no liability for tax on unrelated business income.

The Agency adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles in the United States. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Agency has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Agency believes

**ACTION, INC. AND AFFILIATE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Agency's financial condition, results of operations or cash flows. Accordingly, the Agency has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at September 30, 2013. The Agency's policy is to classify income tax related interest and penalties in operating expenses. The Agency is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Agency's federal and state income tax returns are generally open to examination for years after September 30, 2009.

**Fair Value Measurements**

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy are described as follows:

**Level 1:** Quoted prices in active markets for identical assets or liabilities the Agency has the ability to access. The Agency currently has no Level 1 liabilities that are measured at fair value on a recurring basis.

**Level 2:** Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of model or other valuation methodologies. Level 2 also includes practical expedient investments with notice periods for redemption of 90 days or less.

**Level 3:** Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Level 3 also included practical expedient investments with notice periods for redemption of more than 90 days.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair values of financial instruments for which the Agency did not elect the fair value option includes cash and cash equivalents, receivables, mortgages, and accounts payable. Certain of these instruments are short term in nature and accordingly fair values are estimated to approximate carrying values.

**ACTION, INC. AND AFFILIATE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

**Investments and Investment Income**

Investments with readily determinable fair values are carried at their fair values based on quoted prices in active markets (all Level 1 measurements) in the Statement of Financial Position. Interest income is included in the change in net assets in the accompanying Statement of Activities.

**2. PENSION PLAN**

The Agency maintains a defined contribution retirement plan available to all employees who work at least 20 hours per week. Under the plan, participants may contribute a percentage of their annual salary, not to exceed the limits set by the Internal Revenue Code. The Agency matches employee contributions up to 8% of their annual salary. Pension expense for the years ended September 30, 2013 and 2012 amounted to \$72,604 and \$80,357, respectively.

**3. FIXED ASSETS**

Land, buildings and equipment consists of the following:

	<u>2013</u>	<u>2012</u>
Land	\$ 735,270	\$ 735,270
Buildings	2,785,468	1,574,214
Building Improvements	2,593,593	2,551,218
Construction in Progress	0	391,088
Furniture & Equipment	<u>316,615</u>	<u>249,280</u>
Total Fixed Assets	6,430,946	5,501,070
Accumulated Depreciation	<u>(1,217,758)</u>	<u>(1,077,384)</u>
<b>Total</b>	<b><u>\$ 5,213,188</u></b>	<b><u>\$ 4,423,686</u></b>

**4. CASH**

At September 30, 2013, cash balances are held at financial institutions with Federal insured limits of up to \$250,000 for each financial institution. Balances held at these institutions during the year can exceed this limit. The Agency has not experienced any losses in such accounts. The Agency believes it is not exposed to any significant credit risk on cash.

**5. INVESTMENTS**

The Agency holds an investment account with a brokerage firm. At September 30, 2013 and 2012 the balance of this account was \$17,155 and \$16,435, respectively. The balance consisted of the following at September 30:

	<u>2013</u>	<u>2012</u>
Money Market Funds	\$ 14,605	\$ 14,678
Common Stocks	<u>2,550</u>	<u>1,757</u>

**ACTION, INC. AND AFFILIATE  
NOTES TO FINANCIAL STATEMENTS  
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**Total** **\$ 17,155** **\$ 16,435**

The following table sets forth by level, within the fair value hierarchy, the Agency's investments at fair value:

<b><u>September 30, 2013</u></b>	<b><u>Fair Value</u></b>	<b>Quoted Prices In Active Markets for Identical Assets (Level 1)</b>
Money Market Funds	\$ 14,605	\$ 14,605
Common Stocks	<u>2,550</u>	<u>2,550</u>
<b>Total</b>	<b><u>\$ 17,155</u></b>	<b><u>\$ 17,155</u></b>
<b><u>September 30, 2012</u></b>		
Money Market Funds	\$ 14,678	\$ 14,678
Common Stocks	<u>1,757</u>	<u>1,757</u>
<b>Total</b>	<b><u>\$ 16,435</u></b>	<b><u>\$ 16,435</u></b>

Investment income from cash, certificates of deposit, and investments is comprised of the following for the year ended September 30, 2013:

Interest & dividends, net of management fees of \$95	\$ 15,998
Net Unrealized Gains (Losses)	<u>490</u>
<b>Total</b>	<b><u>\$ 16,488</u></b>

## 6. IN-KIND REVENUE

The Agency receives in-kind contributions consisting of donated goods that include food, clothes, medical and household supplies for the Shelter. The Agency recognizes contribution of services if the services received required specified skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services of \$25,120 recorded in FY13 are included with in-kind expense on the statement of functional expenses.

## 7. LONG-TERM DEBT

Adjustable rate construction mortgage payable in 2014 to First National Bank of Ipswich, secured by a building located on 370 Main Street, Gloucester, used as an energy building. Mortgage is payable in monthly installments of \$910 including principal and interest. The interest rate in 2013 and 2012 was 4.50% and 6.50% respectively.

	<b>2013</b>	<b>2012</b>
	\$ 109,092	\$ 113,525

**ACTION, INC. AND AFFILIATE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

<p>Interest free, deferred payment loan payable to the City of Gloucester. Loan proceeds were used to aid in the establishment of a shelter for the homeless on Main Street, Gloucester. No repayment is required unless the property is sold, transferred, or used for purposes other than a permanent shelter.</p>	25,000	25,000
<p>Adjustable rate first mortgage payable in 2028 to First National Bank of Ipswich, secured by buildings located on 180 Main Street, 370 Main Street, and 47 Washington Street, all in the City of Gloucester. Mortgage is payable in monthly installments of \$2,476 including principal and interest. The interest rate in 2013 and 2012 was 5.50%.</p>	292,302	305,533
<p>Adjustable rate first mortgage payable in 2028 to First National Bank of Ipswich, secured by buildings located on 180 Main Street, 370 Main Street, and 47 Washington Street, all in the City of Gloucester. Mortgage is payable in monthly installments of \$5,322 including principal and interest. The interest rate in 2013 and 2012 was 4.50% and 6.25% respectively.</p>	613,010	638,653
<p>Interest free, note payable in 2015 to the City of Gloucester, secured by buildings located on 180 Main Street, in the city of Gloucester, MA. The note is payable in annual installments of \$2,500</p>	5,000	7,500
<p>Interest free, note payable in 2015 to the City of Gloucester, secured by buildings located on 370 Main Street, in the City of Gloucester, MA. The note is payable in annual installments of \$2,400.</p>	4,800	7,200

**ACTION, INC. AND AFFILIATE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

Interest free, note payable in 2040 to the Community Economic Development Assistance Corporation in the amount of \$227,539, secured by buildings located on 370 Main Street, in the City of Gloucester, MA. The loan has an effective rate of 4.3% and an unamortized discount of \$154,529 as of September 30, 2013.

73,010            70,000

Adjustable rate first mortgage payable in 2028 to First National Bank of Ipswich, secured by the buildings located at 26-28 Marsh Street, in the city of Gloucester, MA. Mortgage is payable in monthly installments of \$1,112 including principal and interest. The interest rate in 2013 was 6.150%.

128,392            0

Interest free, note payable in 2043 to the Department of Housing and Community Development in the amount of \$575,145, secured by the buildings located at 26-28 Marsh Street, in the City of Gloucester, MA. The loan has an effective rate of 3.0% and an unamortized discount of \$338,762 as of September 30, 2013.

236,383            0

Interest free, note payable in 2033 to the North Shore HOME Consortium in the amount of \$400,000, secured by the buildings located at 26-28 Marsh Street, in the City of Gloucester, MA. The loan has an effective rate of 3.0% and an unamortized discount of \$176,671 as of September 30, 2013.

223,329            0

Subtotal	1,710,318	1,167,411
Less Current Portion	54,617	44,512
Long Term-Debt	\$1,655,701	\$1,122,899

The following are maturities of long-term debt for each of the next five years and thereafter:

September 30, 2014	\$	54,617
2015		158,754
2016		51,662
2017		54,854
2018		58,245
Thereafter		1,332,186
<b>Total</b>		<b>\$ 1,710,318</b>

**ACTION, INC. AND AFFILIATE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

**8. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<u>2013</u>	<u>2012</u>
Fuel Assistance Program	\$ 143,519	\$ 165,233
Compass Youth Program	0	14,920
Affordable Housing	515,434	0
Shelter Program	154,528	157,538
<b>Total Temporarily Restricted Net Assets</b>	<b><u>\$ 813,481</u></b>	<b><u>\$ 337,691</u></b>

**9. COMMITMENTS**

The Agency leases commercial space to tenants under noncancelable leases with terms of one to three years. The following is a schedule by years of future minimum rentals under the leases at September 30:

2013	\$ 18,000
2014	<u>4,500</u>
<b>Total</b>	<b><u>\$ 22,500</u></b>

**10. CONTINGENCY**

The expenses reflected in the accompanying financial statements relating to Federal contracts are subject to audit by the funding sources. The possible disallowance of any items recorded as contract costs cannot be determined at this time. However, management does not believe that any such disallowance would be material to the Agency's financial statements. Accordingly, no provision for any liability that may result has been made in financial statements.

**11. SURPLUS REVENUE RETENTION**

The Agency has no liability to the Commonwealth of Massachusetts under the Division of Purchased Services "Surplus Revenue Retention Policy" pursuant to 808 CMR 1.19(3). In accordance with this policy, the Agency is entitled to retain an annual net surplus of up to five percent (5%) per year of the total revenue attributable to Commonwealth purchasing agencies. The cumulative amount retained may not exceed twenty percent (20%) of the prior year's gross revenues from Commonwealth of Massachusetts purchasing agencies, and must be segregated as surplus revenue retained net asset.

Such surplus may be retained as unrestricted net assets to further its charitable purposes, provided that no portion of the surplus be used for any non-reimbursable cost set forth in 808 CMR 1.15.

**ACTION, INC. AND AFFILIATE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012**

The following is an analysis of the Agency's deficit revenue retention net asset pool included in unrestricted net assets:

Cumulative Deficit, June 30, 2012	\$ (1,975,880)
2013 Deficit	<u>(529,957)</u>
Cumulative Deficit June 30, 2013	<u>\$ (2,505,837)</u>

**12. SIGNIFICANT FUNDING**

Over 70% of program revenue and expenses relate to the energy management program contract that is privately funded. The contract covers through 12/31/15. The Agency receives a fee as lead agency for administering this program statewide.

**13. SUBSEQUENT EVENTS**

The Agency did not have any recognized or non-recognized subsequent events after September 30, 2013, the date of the statement of financial position. Subsequent events have been evaluated through February 11, 2014, the date the financial statements were available to be issued.

**ACTION, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	PROGRAM TYPE	FEDERAL CFDA	PASS-THROUGH ENTITY IDENTIFYING NUMBER	EXPENDITURES
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>Passed through Commonwealth of Massachusetts:</i>				
Community Services Block Grant	B	93.569	OCD SC OCD42001060BG02000	\$ 263,743
Low-Income Home Energy Assistance Program - LIHEAP	A	93.568	OCD PO OCD44001058LP10000	1,575,054
Heating Emergency Assistance Retrofit Task Weatherization Assistance Program - HEARTWAP	A	93.568	OCD SC OCD44001058HW02000	170,160
			Total 93.568	<u>1,745,214</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<u>2,008,957</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Supportive Housing Program	B	14.235		172,289
Housing Opportunities for Persons With AIDS	A	14.241		340,929
<i>Passed through Commonwealth of Massachusetts:</i>				
Emergency Shelter Grants Program	B	14.231	WEL4092510	34,038
<i>Passed through City of Gloucester:</i>				
Community Development Block Grant	B	14.218	10042	26,525
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				<u>573,781</u>
<b>U.S. DEPARTMENT OF ENERGY</b>				
<i>Passed through Commonwealth of Massachusetts:</i>				
Weatherization Assistance	A	81.042	OCD SC OCD390096100240000	333,173
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>				<u>333,173</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
Emergency Food And Shelter National Board Program	B	97.024		16,140
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>				<u>16,140</u>
<b>U.S. DEPARTMENT OF LABOR</b>				
<i>Passed through Southern Essex Reg. Employment Board:</i>				
WIA Youth Activities	B	17.259		130,471
<b>TOTAL DEPARTMENT OF LABOR</b>				<u>130,471</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u>\$ 3,062,522</u>

**NOTES TO SCHEDULE OF FEDERAL AWARDS**

**1. Definition of Reporting Entity**

This Schedule of Expenditures of Federal Awards includes the federal grant activity of Action, Inc. ("The Agency"). The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*.

**2. Summary of Significant Accounting Policies**

- A. Basis of Presentation - This Schedule of Federal Awards is presented using the accrual method of accounting, which is described in note 1 to the financial statements.  
B. The Agency identified the larger Federal Programs (Program Type A) as those programs that exceed \$300,000. All other programs are labeled as Program Type B.

# Bruce D. Norling, CPA, P.C.

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

To the Board of Directors of  
Action, Inc. and Affiliate

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Action, Inc. and Affiliate (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 11, 2014.

### **Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Bruce D. Norling, CPA, P.C.*

February 11, 2014

# Bruce D. Norling, CPA, P.C.

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

To the Board of Directors of  
Action, Inc. and Affiliate

### **Report on Compliance for Each Major Federal Program**

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

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

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

### **Report on Internal Control Over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that

testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Bruce D. Norling, CPA, P.C*

February 11, 2014

**ACTION, INC. AND AFFILIATE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2013**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the financial statements of Action, Inc. and Affiliate (the Agency).
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Agency were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance In Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the Agency expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs were:
  - U.S. Department of Health and Human Services  
Low-Income Home Energy Assistance (CFDA #93.568)
  - U.S. Department of Housing and Urban Development  
Housing Opportunities for Persons with AIDS (CFDA #14.241)
8. The threshold for distinguishing Types A and B programs was \$300,000. Type A programs are those that exceed \$300,000.
9. The Agency was determined to be a low-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT – NONE**

**C. FINDINGS – MAJOR FEDERAL AWARD PROGRAMS – NONE**

**ACTION, INC. AND AFFILIATE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2013**

**Prior Audit Findings: None**

**ACTION, INC. AND AFFILIATE**  
**SUPPLEMENTAL SCHEDULE - COMBINING STATEMENT OF FINANCIAL CONDITION**  
**SEPTEMBER 30, 2013**

	<b>ACTION, INC.</b>	<b>HTCHC AFFILIATE</b>	<b>TOTAL</b>
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents	\$ 1,864,895	1,000	\$ 1,865,895
Certificate of Deposit	702,311	-	702,311
Investments	17,155	-	17,155
Prepaid Expense	19,237	-	19,237
Accounts Receivable	3,574,133	5,414	3,579,547
<b>TOTAL CURRENT ASSETS</b>	<b>6,177,731</b>	<b>6,414</b>	<b>6,184,145</b>
<b>NON-CURRENT ASSETS</b>			
Land	410,270	325,000	735,270
Building	1,574,214	1,211,254	2,785,468
Building Improvements	2,593,593	-	2,593,593
Equipment	316,615	-	316,615
Accumulated Depreciation	(1,202,335)	(15,423)	(1,217,758)
Deposits	3,805	-	3,805
Long-Term Certificate	250,000	-	250,000
<b>TOTAL ASSETS</b>	<b>10,123,893</b>	<b>1,527,245</b>	<b>11,651,138</b>
<b>CURRENT LIABILITIES</b>			
Accounts Payable	2,161,025	-	2,161,025
Accrued Expenses	259,393	-	259,393
Deferred Revenue	506,868	-	506,868
Current Portion of LT Debt	49,008	5,609	54,617
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,976,294</b>	<b>5,609</b>	<b>2,981,903</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-Term Debt	1,073,205	582,496	1,655,701
Due To (From) Affiliate	(306,642)	306,642	-
<b>TOTAL LIABILITIES</b>	<b>3,742,857</b>	<b>894,747</b>	<b>4,637,604</b>
<b>NET ASSETS</b>	<b>6,381,036</b>	<b>632,498</b>	<b>7,013,534</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 10,123,893</b>	<b>1,527,245</b>	<b>\$ 11,651,138</b>

See Independent Auditors' Report on Supplementary Information

**ACTION, INC. AND AFFILIATE**  
**SUPPLEMENTAL SCHEDULE - COMBINING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>ACTION, INC.</u>	<u>HTCHC AFFILIATE</u>	<u>TOTAL</u>
<b>PUBLIC SUPPORT AND REVENUES</b>			
Program revenue and other support	\$ 47,790,410	\$ -	\$ 47,790,410
Rental income	233,234	13,278	246,512
Contributions	340,044	567,193	907,237
In-kind contributions	96,228	-	96,228
Investment income	16,488	-	16,488
TOTAL SUPPORT AND REVENUES	<u>48,476,404</u>	<u>580,471</u>	<u>49,056,875</u>
<b>EXPENSES</b>			
Program expenses	46,419,250	70,460	46,489,710
Management and general	1,006,455	-	1,006,455
Fund raising	19,290	-	19,290
TOTAL EXPENSES	<u>47,444,995</u>	<u>70,460</u>	<u>47,515,455</u>
<b>CHANGES IN NET ASSETS</b>	1,031,409	510,011	1,541,420
<b>NET ASSETS</b> , Beginning of Year	<u>5,349,627</u>	<u>122,487</u>	<u>5,472,114</u>
<b>NET ASSETS</b> , End of Year	<u>\$ 6,381,036</u>	<u>\$ 632,498</u>	<u>\$ 7,013,534</u>

See Independent Auditors' Report on Supplementary Information