

**ACTION, INC.  
AND AFFILIATE**

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

(WITH ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

**ACTION, INC.  
AND AFFILIATE**

**FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014 AND 2013**

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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 statements of financial position as of September 30, 2014 and 2013, 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, 2014 and 2013, 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 9, 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.

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

February 9, 2015

**ACTION, INC. AND AFFILIATE**  
**COMBINED STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2014 AND 2013**

<b>ASSETS</b>	<u>2014</u>	<u>2013</u>
<b>CURRENT ASSETS</b>		
Cash & Cash Equivalents	\$ 1,991,672	\$ 1,865,895
Investments - Short Term	904,650	702,311
Investments	20,419	17,155
Prepaid Expenses	25,319	19,237
Accounts Receivable	<u>6,094,903</u>	<u>3,579,547</u>
<b>TOTAL CURRENT ASSETS</b>	<u>9,036,963</u>	<u>6,184,145</u>
<b>FIXED ASSETS</b>		
Property & Equipment, net	5,373,282	5,213,188
<b>OTHER ASSETS</b>		
Deposits	<u>2,658</u>	<u>3,805</u>
<b>LONG-TERM ASSETS</b>		
Certificates of Deposit	<u>250,000</u>	<u>250,000</u>
<b>TOTAL ASSETS</b>	<u>\$ 14,662,903</u>	<u>\$ 11,651,138</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 3,979,751	\$ 2,161,025
Accrued Expenses	277,040	259,393
Security Deposits	3,982	-
Deferred Revenue	567,907	506,868
Current Portion of Long-Term Debt	<u>57,263</u>	<u>54,617</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>4,885,943</u>	<u>2,981,903</u>
<b>LONG-TERM DEBT</b>	<u>1,410,083</u>	<u>1,655,701</u>
Total Liabilities	<u>6,296,026</u>	<u>4,637,604</u>
<b>NET ASSETS</b>		
Net Assets - Temporarily Restricted	777,665	813,481
Net Assets - Unrestricted	<u>7,589,212</u>	<u>6,200,053</u>
<b>TOTAL NET ASSETS</b>	<u>8,366,877</u>	<u>7,013,534</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 14,662,903</u>	<u>\$ 11,651,138</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, 2014 AND 2013**

	2014			2013		
	UNRESTRICTED	TEMPORARILY RESTRICTED		UNRESTRICTED	TEMPORARILY RESTRICTED	
		TOTAL	TOTAL		UNRESTRICTED	TOTAL
<b>PUBLIC SUPPORT AND REVENUES</b>						
Program revenue and other support	\$ 48,254,446	-	\$ 48,254,446	\$ 47,790,410	-	\$ 47,790,410
Rental income	277,349	-	277,349	246,512	-	246,512
Contributions	207,913	-	207,913	308,619	598,618	907,237
In-kind contributions	92,331	-	92,331	96,228	-	96,228
Investment income	11,505	-	11,505	16,488	-	16,488
Net assets released from restrictions	35,816	(35,816)	-	122,828	(122,828)	-
<b>TOTAL SUPPORT AND REVENUES</b>	<b>48,879,360</b>	<b>(35,816)</b>	<b>48,843,544</b>	<b>48,581,085</b>	<b>475,790</b>	<b>49,056,875</b>
<b>EXPENSES</b>						
Program expenses:						
Fuel assistance	1,834,466	-	1,834,466	1,631,575	-	1,631,575
Weatherization	466,692	-	466,692	340,360	-	340,360
Energy management	39,633,740	-	39,633,740	40,001,875	-	40,001,875
Housing	487,495	-	487,495	462,287	-	462,287
Emergency shelter	489,120	-	489,120	481,392	-	481,392
Youth compass program	312,129	-	312,129	247,288	-	247,288
Employment and training	190,559	-	190,559	196,058	-	196,058
Advocacy	223,845	-	223,845	233,154	-	233,154
Homemaker	2,181,690	-	2,181,690	2,223,287	-	2,223,287
Waste water alternative	-	-	-	16,005	-	16,005
Housing opportunities for persons with AIDS	364,408	-	364,408	395,151	-	395,151
Other	268,884	-	268,884	261,278	-	261,278
<b>TOTAL PROGRAM EXPENSES</b>	<b>46,453,028</b>	<b>-</b>	<b>46,453,028</b>	<b>46,489,710</b>	<b>-</b>	<b>46,489,710</b>
Supportive services:						
Management and general	1,019,082	-	1,019,082	1,006,455	-	1,006,455
Fund raising	18,091	-	18,091	19,290	-	19,290
<b>TOTAL EXPENSES</b>	<b>47,490,201</b>	<b>-</b>	<b>47,490,201</b>	<b>47,515,455</b>	<b>-</b>	<b>47,515,455</b>
<b>CHANGES IN NET ASSETS</b>						
NET ASSETS, Beginning of Year	1,389,159	(35,816)	1,353,343	1,065,630	475,790	1,541,420
NET ASSETS, End of Year	6,200,053	813,481	7,013,534	5,134,423	337,691	5,472,114
<b>NET ASSETS, End of Year</b>	<b>\$ 7,589,212</b>	<b>\$ 777,665</b>	<b>\$ 8,366,877</b>	<b>\$ 6,200,053</b>	<b>\$ 813,481</b>	<b>\$ 7,013,534</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, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets	\$ 1,353,343	\$ 1,541,420
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Net Unrealized Gain	(3,000)	(490)
Depreciation	154,163	140,375
Changes in Operating Assets:		
(Increase) Decrease in Accounts Receivable	(2,515,356)	(691,724)
(Increase) Decrease in Prepaid Expenses	(6,082)	15,501
(Increase) Decrease in Deposits	1,147	(32)
Changes in Operating Liabilities:		
Increase (Decrease) in Accounts Payable	1,818,726	553,086
Increase (Decrease) in Accrued Expenses	17,647	46,431
Increase (Decrease) in Security Deposits	3,982	-
Increase (Decrease) in Deferred Revenue	61,039	(92,912)
Net Cash From Operating Activities	885,609	1,511,655
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchases) Maturities of Certificates of Deposit, Net	(202,339)	(304,235)
(Purchases) of Investments	(264)	(230)
(Purchases) of Property and Equipment	(314,257)	(929,877)
Net Cash from Investing Activities	(516,860)	(1,234,342)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan Proceeds	-	591,114
Loan Repayments	(242,972)	(48,207)
Net Cash From Financing Activities	(242,972)	542,907
<b>NET INCREASE (DECREASE) IN CASH</b>	125,777	820,220
<b>CASH, Beginning of year</b>	1,865,895	1,045,675
<b>CASH, End of year</b>	\$ 1,991,672	\$ 1,865,895
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest Paid	\$ 59,309	\$ 52,402

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, 2014 AND 2013**

	Program Expenses	Management and General	Fund Raising	2014 Total	Program Expenses	Management and General	Fund Raising	2013 Total
Salaries	\$ 2,408,311	\$ 562,677	\$ 3,980	\$ 2,974,968	\$ 2,225,418	\$ 522,031	\$ 4,741	\$ 2,752,190
Payroll taxes	199,895	46,095	351	246,341	203,530	44,938	417	248,885
Fringe benefits	408,094	74,316	-	482,410	368,425	72,253	-	440,678
Direct care consultants	1,758,351	-	-	1,758,351	1,792,749	-	-	1,792,749
Consultants	237,950	6,796	-	244,746	291,467	9,733	-	301,200
Temporary labor	25	2,545	-	2,570	1,461	8,040	-	9,501
Depreciation	135,258	18,905	-	154,163	107,053	33,322	-	140,375
Travel	106,995	16,296	106	123,397	114,221	15,564	175	129,960
Occupancy	159,297	26,627	-	185,924	190,373	21,196	-	211,569
Interest	61,532	11,724	-	73,256	47,310	9,862	-	57,172
Utilities	83,023	8,348	-	91,371	69,480	6,254	-	75,734
Office supplies and expenses	48,454	12,472	345	61,271	58,036	16,509	663	75,208
Insurance	28,361	29,083	-	57,444	23,506	28,673	-	52,179
Equipment	29,444	8,270	-	37,714	24,014	10,072	-	34,086
Postage	8,582	4,436	3,066	16,084	9,703	5,561	-	15,264
Printing	8,109	3,591	-	11,700	8,061	4,613	-	12,674
Professional fees	32,261	33,447	-	65,708	24,176	64,890	-	89,066
Telephone	33,342	5,998	-	39,340	35,639	16,605	53	52,297
Data processing	84,207	129,834	850	214,891	61,787	89,869	480	152,136
Licenses and dues	5,237	13,446	-	18,683	6,092	11,139	-	17,231
Training	25,504	2,298	-	27,802	35,078	4,675	80	39,833
Recognition	11,681	-	-	11,681	11,787	-	-	11,787
Fuel expense	1,461,529	-	-	1,461,529	1,293,029	-	-	1,293,029
Food	20,150	-	-	20,150	24,985	-	-	24,985
Other	71,178	1,808	1,899	74,885	36,043	6,146	1,241	43,430
Advertising	7,412	-	-	7,412	6,332	3,980	-	10,312
Outside contracts	-	70	-	70	33,200	530	-	33,730
Heating system	2,377,709	-	-	2,377,709	2,877,515	-	-	2,877,515
Rent assistance	501,800	-	-	501,800	503,197	-	-	503,197
Program operations	36,047,006	-	7,494	36,054,500	35,909,815	-	11,440	35,921,255
In-kind	92,331	-	-	92,331	96,228	-	-	96,228
<b>Totals</b>	<b>\$ 46,453,028</b>	<b>\$ 1,019,082</b>	<b>\$ 18,091</b>	<b>\$ 47,490,201</b>	<b>\$ 46,489,710</b>	<b>\$ 1,006,455</b>	<b>\$ 19,290</b>	<b>\$ 47,515,455</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, 2014 AND 2013**

**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, 2014 and 2013, 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, 2014 AND 2013**

**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, 2014 AND 2013**

**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, 2014. 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, 2014 and 2013. 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, 2014, 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, 2014 AND 2013**

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, 2014. 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, 2010.

**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, 2014 AND 2013**

**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, 2014 and 2013 amounted to \$73,010 and \$72,604, respectively.

**3. FIXED ASSETS**

Land, buildings and equipment consist of the following:

	<u>2014</u>	<u>2013</u>
Land	\$ 735,270	\$ 735,270
Buildings	2,785,468	2,785,468
Building Improvements	2,898,873	2,593,593
Furniture & Equipment	<u>325,593</u>	<u>316,615</u>
Total Fixed Assets	6,745,204	6,430,946
Less: Accum Depreciation	<u>(1,371,922)</u>	<u>(1,217,758)</u>
<b>Total</b>	<b><u>\$ 5,373,282</u></b>	<b><u>\$ 5,213,188</u></b>

**4. CASH**

At September 30, 2014, 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, 2014 and 2013 the balance of this account was \$20,419 and \$17,155, respectively. The balance consisted of the following at September 30:

	<u>2014</u>	<u>2013</u>
Money Market Funds	\$ 14,645	\$ 14,605
Common Stocks	<u>5,774</u>	<u>2,550</u>
<b>Total</b>	<b><u>\$ 20,419</u></b>	<b><u>\$ 17,155</u></b>

**ACTION, INC. AND AFFILIATE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

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

<u>September 30, 2014</u>	<u>Fair Value</u>	<b>Quoted Prices In Active Markets for Identical Assets (Level 1)</b>
Money Market Funds	\$ 14,645	\$ 14,645
Common Stocks	<u>5,774</u>	<u>5,774</u>
<b>Total</b>	<b><u>\$ 20,419</u></b>	<b><u>\$ 20,419</u></b>
<u>September 30, 2013</u>		
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>

Investment income from cash, certificates of deposit, and investments is comprised of the following for the years ended September 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Interest and Dividends, Net of Fees	\$ 8,505	\$ 15,998
Net Unrealized Gains	<u>3,000</u>	<u>490</u>
<b>Total Investment Income</b>	<b><u>\$11,505</u></b>	<b><u>\$16,488</u></b>

**6. IN-KIND CONTRIBUTIONS**

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 and \$25,120 and goods of \$67,211 and \$71,108 received in FY14 and FY13, respectively, are included with in-kind expense on the statement of functional expenses and revenue on the statement of activities.

**7. LONG-TERM DEBT**

	<b>2014</b>	<b>2013</b>
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 a homeless shelter. Mortgage was payable in monthly installments of \$793 including principal and interest. The interest rate in 2014 and 2013 was 4.50%. This mortgage was paid in full in August 2014.	\$ 0	\$ 109,092

**ACTION, INC. AND AFFILIATE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

<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 Ipswich Bank, 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 \$2,226 including principal and interest. The interest rate in 2014 and 2013 was 4.89% and 5.50% respectively.</p>	279,104	292,302
<p>Adjustable rate first mortgage payable in 2028 to First Ipswich Bank, 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 \$4,671 including principal and interest. The interest rate in 2014 and 2013 was 4.89% and 4.50% respectively.</p>	485,640	613,010
<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>	2,500	5,000
<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>	2,400	4,800

**ACTION, INC. AND AFFILIATE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

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 \$151,390 as of September 30, 2014.

76,149            73,010

Adjustable rate first mortgage payable in 2028 to First Ipswich Bank, 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 2014 and 2013 was 6.150%.

122,894            128,392

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 \$331,591 as of September 30, 2014.

243,554            236,383

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 \$169,895 as of September 30, 2014.

230,105            223,329

Subtotal	1,467,346	1,710,318
Less Current Portion	<u>57,263</u>	<u>54,617</u>
Long Term-Debt	<u>\$1,410,083</u>	<u>\$1,655,701</u>

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

September 30, 2015	\$	57,263
2016		55,061
2017		57,899
2018		60,883
2019		64,023
Thereafter		<u>1,172,217</u>
<b>Total</b>		<u>\$ 1,467,346</u>

**ACTION, INC. AND AFFILIATE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

**8. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<u>2014</u>	<u>2013</u>
Fuel Assistance Program	\$ 124,789	\$ 143,519
Affordable Housing	501,486	515,433
Shelter Program	151,390	154,529
<b>Total Temporarily Restricted Net Assets</b>	<b><u>\$ 777,665</u></b>	<b><u>\$ 813,481</u></b>

**9. COMMITMENTS**

The Agency leases commercial space to tenants at will and under noncancelable leases with terms of one to three years. In addition, the Agency rents apartments to clients at will through its housing programs. The following is a schedule by year of future minimum rentals under the leases at September 30, 2014:

FY2015	\$ 25,200
FY2016	<u>13,500</u>
<b>Total</b>	<b><u>\$ 38,700</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. RELATED PARTY TRANSACTIONS**

The treasurer of the Agency's Board of Directors is the manager of a bank where the Agency has some bank accounts. Management believes that there is no significant conflict of interest resulting from this relationship.

**12. 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

**ACTION, INC. AND AFFILIATE  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

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.

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

Cumulative Deficit, September 30, 2013	\$ (2,505,837)
2014 Deficit	<u>(287,884)</u>
Cumulative Deficit, September 30, 2014	<u><u>\$ (2,793,721)</u></u>

**13. SIGNIFICANT FUNDING**

Over 70% of program revenue and expenses relate to the energy management program contract that is privately funded. The Agency receives a fee as lead agency for administering this program statewide. The contract covers through December 31, 2015.

**14. SUBSEQUENT EVENTS**

The Agency did not have any recognized or non-recognized subsequent events after September 30, 2014, the date of the statement of financial position. Subsequent events have been evaluated through February 9, 2015, the date the financial statements were available to be issued.

**ACTION, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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	\$ 275,745
Low-Income Home Energy Assistance Program - LIHEAP	A	93.568	OCD PO OCD4001058LP10000	1,544,503
Heating Emergency Assistance Retrofit Task Weatherization Assistance Program - HEARTWAP	A	93.568	OCD SC OCD44001058HW02000	170,160
			Total 93.568	1,714,663
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<b>1,990,408</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>Supportive Housing Program</i>	B	14.235		210,800
<i>Housing Opportunities for Persons With AIDS</i>	A	14.241		354,111
<i>Passed through Commonwealth of Massachusetts:</i>				
Emergency Shelter Grants Program	B	14.231	WEL4092510	51,619
<i>Passed through City of Gloucester:</i>				
Community Development Block Grant	B	14.218	10042	9,475
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				<b>626,005</b>
<b>U.S. DEPARTMENT OF ENERGY</b>				
<i>Passed through Commonwealth of Massachusetts:</i>				
Weatherization Assistance Program	A	81.042	OCD SC OCD390096100240000	454,345
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>				<b>454,345</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
<i>Emergency Food And Shelter National Board Program</i>	B	97.024		16,140
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>				<b>16,140</b>
<b>U.S. DEPARTMENT OF LABOR</b>				
<i>Passed through Southern Essex Reg. Employment Board:</i>				
WIA Youth Activities	B	17.259		115,815
<b>TOTAL DEPARTMENT OF LABOR</b>				<b>115,815</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ 3,202,713</b>

**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, 2014, 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 9, 2015.

### **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 9, 2015

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

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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, 2014. 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, 2014.

## **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 9, 2015

**ACTION, INC. AND AFFILIATE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2014**

**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 Energy  
Weatherization Assistance for Low-Income Persons (CFDA #81.042)
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, 2014**

**Prior Audit Findings: None**

**ACTION, INC. AND AFFILIATE**  
**SUPPLEMENTAL SCHEDULE - COMBINING STATEMENT OF FINANCIAL CONDITION**  
**SEPTEMBER 30, 2014**

	<b>ACTION, INC.</b>	<b>HTCHC AFFILIATE</b>	<b>TOTAL</b>
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents	\$ 1,984,668	7,004	\$ 1,991,672
Investments - Short Term	904,650	-	904,650
Investments	20,419	-	20,419
Prepaid Expense	25,319	-	25,319
Accounts Receivable	6,094,903		6,094,903
<b>TOTAL CURRENT ASSETS</b>	<b>9,029,959</b>	<b>7,004</b>	<b>9,036,963</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	2,889,093	9,780	2,898,873
Equipment	325,593	-	325,593
Accumulated Depreciation	(1,326,095)	(45,827)	(1,371,922)
Deposits	2,658	-	2,658
Long-Term Certificates of Deposit	250,000	-	250,000
<b>TOTAL ASSETS</b>	<b>13,155,692</b>	<b>1,507,211</b>	<b>14,662,903</b>
<b>CURRENT LIABILITIES</b>			
Accounts Payable	3,979,751	-	3,979,751
Accrued Expenses	277,040	-	277,040
Deferred Revenue	567,907	-	567,907
Security Deposits	1,978	2,004	3,982
Current Portion of Long Term Debt	51,306	5,957	57,263
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,877,982</b>	<b>7,961</b>	<b>4,885,943</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-Term Debt	819,487	590,596	1,410,083
Due To (From) Affiliate	(294,911)	294,911	-
<b>TOTAL LIABILITIES</b>	<b>5,402,558</b>	<b>893,468</b>	<b>6,296,026</b>
<b>NET ASSETS</b>	<b>7,753,134</b>	<b>613,743</b>	<b>8,366,877</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 13,155,692</b>	<b>1,507,211</b>	<b>\$ 14,662,903</b>

See Independent Auditors' Report on Supplementary Information

**ACTION, INC. AND AFFILIATE**  
**SUPPLEMENTAL SCHEDULE - COMBINING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>ACTION, INC.</u>	<u>HTCHC AFFILIATE</u>	<u>TOTAL</u>
<b>PUBLIC SUPPORT AND REVENUES</b>			
Program revenue and other support	\$ 48,254,446	\$ -	\$ 48,254,446
Rental income	209,378	67,971	277,349
Contributions	207,913	-	207,913
In-kind contributions	92,331	-	92,331
Investment income	11,505	-	11,505
TOTAL SUPPORT AND REVENUES	<u>48,775,573</u>	<u>67,971</u>	<u>48,843,544</u>
<b>EXPENSES</b>			
Program expenses	46,366,302	86,726	46,453,028
Management and general	1,019,082	-	1,019,082
Fund raising	18,091	-	18,091
TOTAL EXPENSES	<u>47,403,475</u>	<u>86,726</u>	<u>47,490,201</u>
<b>CHANGES IN NET ASSETS</b>	1,372,098	(18,755)	1,353,343
<b>NET ASSETS, Beginning of Year</b>	6,381,036	632,498	7,013,534
<b>NET ASSETS, End of Year</b>	<u>\$ 7,753,134</u>	<u>\$ 613,743</u>	<u>\$ 8,366,877</u>

See Independent Auditors' Report on Supplementary Information