ACTION, INC.
AND AFFILIATE

Consolidated Financial Statements
and
Independent Auditors' Report
September 30, 2017 and 2016

DANIEL DENNIS & Co
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
Action, Inc.

We have audited the accompanying consolidated financial statements of Action, Inc. and Affiliate (collectively, the Agency) (nonprofit organizations) which comprise the consolidated statement of financial position as of September 30, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency'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 Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Action, Inc. as of September 30, 2017 and 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information, supplemental schedule - consolidating statement of financial position and supplemental schedule - consolidating statement of activities, on page 17 and 18 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Daniel Dennis & Company LLP

February 13, 2018

Action, Inc. and Affiliate
Consolidated Statements of Financial Position
September 30, 2017 and 2016

	2017	*2016*
Assets		
Current Assets		
Cash	$ 1,873,658	$ 276,953
Certificates of deposits	391,253	473,417
Investments	28,169	26,553
Prepaid expenses	29,407	21,156
Accounts receivable	9,819,309	5,034,519
Total current assets	12,141,796	5,832,598
Fixed Assets		
Property and equipment, net	5,844,892	5,733,338
Other Assets		
Deposits	3,483	3,483
Long-Term Assets		
Note and interest receivable	330,677	316,427
Certificates of deposit	1,283,119	2,060,467
Total long-term assets	1,613,796	2,376,894
Total assets	$ 19,603,967	$ 13,946,313
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 5,059,080	$ 1,581,716
Accrued expenses	389,509	361,763
Security deposits	3,483	3,483
Deferred revenue	553,514	572,177
Total current liabilities	6,005,586	2,519,139
Long-Term Debt	629,493	610,675
Total liabilities	6,635,079	3,129,814
Net Assets		
Unrestricted	12,228,398	9,941,470
Temporarily restricted	740,490	875,029
Total net assets	12,968,888	10,816,499
Total liabilities and net assets	$ 19,603,967	$ 13,946,313

See accompanying notes to consolidated financial statements.

Action, Inc. and Affiliate

Consolidated Statements of Activities and Changes in Net Assets
For the Years Ended September 30, 2017 and 2016

	2017			2016		
	Unrestricted	*Temporarily Restricted*	*Total*	*Unrestricted*	*Temporarily Restricted*	*Total*
Public Support and Revenue						
Program revenue and other support	$ 60,721,370	$ -	$ 60,721,370	$ 45,210,020	$ -	$ 45,210,020
Rental income	282,669	-	282,669	304,913	-	304,913
Contributions and grants	296,978	13,000	309,978	194,572	88,300	282,872
In-kind contributions	105,248	-	105,248	97,637	-	97,637
Investment income	59,232	-	59,232	38,558	-	38,558
Net assets released from restrictions	147,539	(147,539)	-	71,250	(71,250)	-
Total public revenue and support	61,613,036	(134,539)	61,478,497	45,916,950	17,050	45,934,000
Expenses						
Program services:						
Fuel assistance	1,568,251	-	1,568,251	1,557,545	-	1,557,545
Weatherization	838,478	-	838,478	819,121	-	819,121
Energy management	51,054,043	-	51,054,043	36,969,298	-	36,969,298
Housing	1,175,320	-	1,175,320	994,792	-	994,792
Emergency shelter	520,893	-	520,893	502,110	-	502,110
Youth compass program	132,543	-	132,543	166,397	-	166,397
Employment and training	253,792	-	253,792	323,898	-	323,898
Client services	428,294	-	428,294	353,580	-	353,580
Homecare	1,809,755	-	1,809,755	2,046,264	-	2,046,264
Housing opportunity for persons with AIDS	77,299	-	77,299	87,164	-	87,164
Other	30,806	-	30,806	172,904	-	172,904
Total program services	57,889,474	-	57,889,474	43,993,073	-	43,993,073
Supportive Services:						
Management and general	1,329,771	-	1,329,771	1,252,345	-	1,252,345
Fundraising	106,863	-	106,863	28,732	-	28,732
Total supportive services	1,436,634	-	1,436,634	1,281,077	-	1,281,077
Total expenses	59,326,108	-	59,326,108	45,274,150	-	45,274,150
Change in net assets	2,286,928	(134,539)	2,152,389	642,800	17,050	659,850
Net assets at beginning of year	9,941,470	875,029	10,816,499	9,298,670	857,979	10,156,649
Net assets at end of year	$ 12,228,398	$ 740,490	$ 12,968,888	$ 9,941,470	$ 875,029	$ 10,816,499

See accompanying notes to consolidated financial statements.

Action, Inc. and Affiliate
Consolidated Statements of Functional Expenses
For the Years Ended September 30, 2017 and 2016

Expenses:	*Program*	*Management and General*	*Fundraising*	*2017 Total*	*Program*	*Management and General*	*Fundraising*	*2016 Total*
Salaries	$ 2,622,617	$ 760,438	$ -	$ 3,383,055	$ 2,629,523	$ 695,833	$ 1,684	$ 3,327,040
Payroll taxes	207,467	58,230	-	265,697	208,692	53,598	129	262,419
Fringe benefits	420,382	95,495	-	515,877	421,163	88,633	-	509,796
Direct care consultants	1,460,002	-	-	1,460,002	1,671,279	-	-	1,671,279
Consultants	289,187	9,085	-	298,272	281,806	6,976	-	288,782
Depreciation	139,121	60,418	-	199,539	122,163	47,102	-	169,265
Temporary labor	11,696	2,848	-	14,544	-	3,449	-	3,449
Travel	124,366	14,966	-	139,332	135,041	19,168	-	154,209
Occupancy	158,318	45,201	-	203,519	208,365	23,448	-	231,813
Interest	18,818	-	-	18,818	38,973	5,532	-	44,505
Utilities	69,968	19,981	-	89,949	72,492	6,348	-	78,840
Office supplies	79,583	13,718	950	94,251	66,795	10,350	-	77,145
Insurance	70,000	-	-	70,000	51,762	26,681	-	78,443
Equipment	23,219	8,218	476	31,913	31,181	16,465	30	47,676
Postage	10,370	3,921	14,579	28,870	11,742	3,526	8,613	23,881
Printing	11,022	10,461	-	21,483	16,547	6,562	-	23,109
Professional fees	28,382	19,263	-	47,645	41,306	30,101	-	71,407
Telephone	26,407	6,205	-	32,612	30,821	8,802	-	39,623
Data processing	67,468	157,500	-	224,968	64,019	166,108	1,080	231,207
Licenses and dues	9,158	11,822	-	20,980	14,290	14,402	-	28,692
Training	15,642	11,868	1,099	28,609	16,440	8,613	64	25,117
Recognition	8,389	-	-	8,389	1,577	295	-	1,872
Fuel	1,104,131	-	-	1,104,131	1,143,873	-	-	1,143,873
Food	45,253	209	-	45,462	39,113	-	25	39,138
Other	56,297	228	8,416	64,941	54,289	1,015	3,285	58,589
Advertising	24,438	13,660	-	38,098	16,830	7,683	-	24,513
Outside contracts	63,815	5,124	-	68,939	37,855	1,655.00	-	39,510
Rent assistance	709,248	-	81,343	790,591	633,451	-	13,604	647,055
Heating system	4,782,065	-	-	4,782,065	2,687,661	-	-	2,687,661
Program operations	45,127,397	912	-	45,128,309	33,146,387	-	218	33,146,605
In-kind	105,248	-	-	105,248	97,637	-	-	97,637
Total expenses	$ 57,889,474	$ 1,329,771	$ 106,863	$ 59,326,108	$ 43,993,073	$ 1,252,345	$ 28,732	$ 45,274,150

See accompanying notes to consolidated financial statements.

Action, Inc. and Affiliate

Consolidated Statements of Cash Flows

For the Years Ended September 30, 2017 and 2016

	2017	*2016*
Cash flows from operating activities:		
Change in net assets	$ 2,152,389	$ 659,850
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net unrealized gain	(1,214)	(3,743)
Depreciation	199,539	169,265
Accrued interest income	(14,250)	(16,427)
Amortizing discount	18,818	17,645
(Increase)/decrease in operating assets:		
Accounts receivable	(4,784,790)	1,410,041
Prepaid expenses	(8,251)	(10,758)
Increase/(decrease) in operating liabilities:		
Accounts payable	3,477,364	302,808
Accrued expenses	27,746	28,831
Security deposits	-	(499)
Deferred revenue	(18,663)	11,879
Net cash from operating activities	1,048,688	2,568,892
Cash flows from investing activities		
Decrease in deposits	-	14,814
Maturities/(purchases) of certificates of deposit, net	859,512	(1,803,193)
Purchases of investments	(401)	(942)
Purchases of property and equipment	(311,094)	(619,006)
Net cash from investing activities	548,017	(2,408,327)
Cash flows from financing activities		
Loan repayments	-	(833,959)
Net cash from financing activities	-	(833,959)
Net increase/(decrease) in cash	1,596,705	(673,394)
Cash, beginning of the year	276,953	950,347
Cash, end of the year	$ 1,873,658	$ 276,953
Supplemental disclosure of cash from flow information:		
Interest paid	$ -	$ 26,860
Non-cash activity:		
Increase in long-term debt from amortizing discount	$ 18,818	$ 17,645

See accompanying notes to consolidated financial statements.

1. *Organization*

The accompanying consolidated financial statements reflect the financial activity of Action, Inc. and its Affiliate, Housing Together Community Housing Corporation, collectively referred to as the Agency. All inter-affiliate balances and transactions have been eliminated in the consolidated financial statements.

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 mission of Action, Inc. is to improve the lives of disadvantaged individuals and families on Cape Ann and beyond by minimizing the effects of poverty, promoting economic security, and advocating for social change. The major programs are shelter and housing assistance, homecare for the elderly, job training, 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 families with affordable housing. Action, Inc. is the sole member of Home Together Community Housing Corporation and 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.

2. *Summary of Significant Accounting Policies*

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

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:

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

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

Permanently restricted net assets - net assets subject to donor imposed stipulations that must be maintained by the Agency in perpetuity. At September 30, 2017 and 2016, the Agency had no permanently restricted net assets.

2. *Summary of Significant Accounting Policies - continued*

Revenue and Expenses
Revenue and expenses are recognized on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Fixed Assets
Acquisitions of property, improvements, furniture, equipment, software and website development 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 costs of depreciable assets to operations over their estimated service lives using the straight line method over the following estimated lives:

Buildings	40 years
Building improvements	19 - 40 years
Furniture, equipment and software	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 or 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 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 donor imposed 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 recorded as exchange transactions. 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.

2. *Summary of Significant Accounting Policies - continued*

Functional Allocation of Expense
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 that are 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, three of which have maturities greater than one year from September 30, 2017. The interest rates on the bank certificates of deposit range from 0.45% to 2.00%.

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 was $0 at September 30, 2017 and 2016.

Note Receivable
The note receivable is carried at its unpaid principal balance. Management believes the note receivable is collectible; therefore, there is no allowance for loan losses.

Income Taxes
The Agency is exempt from income taxes as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code and is also exempt from state income taxes, except for income taxes on unrelated business income, if any. For the years ended September 30, 2017 and 2016, the Agency had net unrelated business income of $0 and $1,497, respectively. Income taxes for such unrelated business income for the years ended September 30, 2017 and 2016 totaled $0 and $345, respectively.

2. ***Summary of Significant Accounting Policies*** - *continued*

Income Taxes – continued
The Agency evaluates its tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are *more-likely-than-not* of being sustained by the applicable tax authority. Tax positions not deemed to meet the *more-likely-than-not* threshold, along with accrued interest and penalties thereon, would be recorded as an expense in the current year consolidated financial statements. Management has evaluated the tax positions taken in its previously filed returns and those excepted to be taken in its fiscal year 2017 returns and believe they are *more-likely-than-not* of being sustained if examined by Federal or state tax authorities. Tax filings for fiscal years 2014 to 2016 remain subject to examination by Federal and state tax authorities.

Fair Value Measurements
Generally accepted accounting principles (GAAP) 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 Agency currently has no Level 1 liabilities that are measured at fair value on a recurring basis.

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.
>
> *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, receivables, mortgages, and accounts payable. Certain of these instruments are short term nature and accordingly fair values are estimated to approximate carrying values.

2. *Summary of Significant Accounting Policies - continued*

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 consolidated Statement of Financial Position. Interest income is included in the change in net assets in the accompanying consolidated Statement of Activities.

Investment in 206 Main Street GP LLC
In July 2015, Action, Inc. acquired 49% interest in 206 Main Street GP LLC (the LLC). Because the Agency does not have the ability to exercise significant influence, the Agency accounts for this investment using the equity method.

Under the equity method, the Agency's share of earnings from the LLC are reflected in income as earned, while distributions are credited against the investment in the LLC. However, in accordance with GAAP, the balance of the investment will not fall below zero unless the Agency has a requirement to fund losses.

Below Market Loans
The Agency discounts below market loans to their present value when proceeds are received. The excess of the proceeds over their present value are recognized as grant income. The discounts on below market loans are amortized to interest expense over the lives of the loans.

3. *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, 2017 and 2016 was $88,695 and $93,407, respectively.

4. *Fixed Assets*

Land, buildings and equipment consist of the following:

Description	*2017*	*2016*
Land	$ 735,270	$ 735,270
Buildings	3,118,468	3,120,468
Building improvements	3,315,892	3,053,895
Furniture, equipment and software	377,060	359,984
Website development in progress	34,021	-
Total fixed assets	7,580,711	7,269,617
Less: accumulated depreciation	(1,735,819)	(1,536,279)
Total	$ 5,844,892	$ 5,733,338

5. *Credit Risk*

At September 30, 2017 and 2016 cash balances are held at financial institutions with Federal Deposit Insurance Corporation (FDIC) insured limits from all accounts held. These balances, at times, will exceed the FDIC insured limit. Management acknowledges the possibly of risk; however, they believe the size and longevity of the depository institutions minimizes such risk.

6. *Investments*

The Agency holds an investment account with a brokerage firm. At September 30, 2017 and 2016, the balance of this account was $28,169 and $26,553, respectively. The balance consisted of the following at September 30:

Description	*2016*	*2017*
Money market	$ 14,935	$ 14,747
Common stocks	13,234	11,806
Total	$ 28,169	$ 26,553

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

September 30, 2017	*Fair Value*	*Quoted Prices In Active Markets for Identical Assets (Level 1)*
Money market funds	$ 14,935	$ 14,935
Common stocks	13,234	13,234
Total	$ 28,169	$ 28,169
September 30, 2016		
Money market funds	$ 14,747	$ 14,747
Common stocks	11,806	11,806
Total	$ 26,553	$ 26,553

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

Description	*2017*	*2016*
Interest and dividends, net of fees	$ 402	$ 942
Net unrealized gains	1,214	3,743
Total investment income	$ 1,616	$ 4,685

7. *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. During fiscal year 2017 and 2016, the Agency received donated services of $29,280 in both years and goods of $75,968 and $68,357, respectively, which are included with in-kind expense on the consolidated statement of functional expenses and revenue on the consolidated statement of activities.

8. *Commitments*

The Agency leases commercial space to both 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 of future minimum rentals under noncancelable leases at September 30, 2017:

Fiscal Year	*Amount*
2018	$ 18,000
2019	$ 13,500

9. *Long-Term Debt*

The following is summary of long-term debt of the Agency:

	2017	*2016*
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.	$ 25,000	$ 25,000
Interest free note, payable in 2040 to the Community Economic Development Assistance Corporation in the amount of $227,539, secured by buildings located on 371 Main Street in the City of Gloucester, MA. The loan has an effective interest rate of 4.3% and an unamortized discount of $141,280 and $144,842 as of September 30, 2017 and 2016, respectively.	86,259	82,697

9. *Long-Term Debt - continued*

	2017	*2016*
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 interest rate of 3.0% and an unamortized discount of $308,969 and $317,221 as of September 30, 2017 and 2016, respectively.	266,176	257,924
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 $147,942 and $154,946 as of September 30, 2017 and 2016, respectively.	252,058	245,054
Total long-term debt	$ 629,493	$ 610,675

The following is a summary of the Agency's long-term debt obligations for the next five years and thereafter:

Year	*Amount*
2018	$ -
2019	-
2020	-
2021	-
2022	-
Thereafter	1,227,684
Unamortized discount	(598,191)
Total	$ 629,493

10. *Contingency*

The expenses reflected in the accompanying consolidated 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 consolidated financial statements. Accordingly, no provision for any liability that may result has been made in consolidated financial statements.

Action, Inc. is a guarantor of a $900,000 loan for 206 Main Street LP issued by CEDAC. Action is a member of the general partner of 206 Main Street LP, see Note 12. Management does not believe there is a risk of liability on behalf of Action associated with this loan.

11. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Description	*2017*	*2016*
Fuel assistance program	$ 61,481	$ 94,143
Affordable housing	524,730	631,186
Shelter program	141,279	144,700
Advocacy	13,000	-
Job training	-	5,000
Total	$ 740,490	$ 875,029

12. Note Receivable and Related Party Transactions

Action, Inc. owns 49% of 206 Main Street GP LLC (the LLC), which is the general partner of 206 Main Street Limited Partnership (the Partnership). To assist in financing the Partnership's acquisition of real property and development, Action, Inc. loaned the Partnership $300,000 on August 5, 2015. The note receivable is secured by real property and is subordinate to another loan. Action, Inc. is to be repaid with interest at 4.75% by the earlier of August 5, 2020 or when the Partnership receives construction financing for the project. As of September 30, 2017 and 2016, the Partnership owes Action, Inc. principal and interest totaling $330,677 and $316,427, respectively. During fiscal years 2017 and 2016, Action, Inc. earned $14,250 and $16,427, respectively, of interest.

13. Concentrations

Over 93% 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 the period through December 31, 2018.

14. Subsequent Events

Subsequent events have been evaluated through February 13, 2018, which is the date the consolidated financial statements were available to be issued. There were no material events that met the criteria for recognition or disclosure.

SUPPLEMENTARY INFORMATION

Action, Inc. and Affiliate

Supplemental Schedule - Consolidating Statement of Financial Position

September 30, 2017

	Action, Inc.	*HTCHC Affiliate*	*Eliminations*	*Total*
Current Assets				
Cash	$ 1,843,117	$ 30,541	$ -	$ 1,873,658
Certificates of deposit - short term	391,253	-	-	391,253
Investments	28,169	-	-	28,169
Prepaid expense	29,407	-	-	29,407
Accounts receivable	9,819,309	-	-	9,819,309
Total current assets	12,111,255	30,541	-	12,141,796
Non-Current Assets				
Land	410,270	325,000	-	735,270
Building	1,907,214	1,211,254	-	3,118,468
Building improvements	3,306,112	9,780	-	3,315,892
Equipment	377,060	-	-	377,060
Website	34,021	-	-	34,021
Accumulated depreciation	(1,598,415)	(137,404)	-	(1,735,819)
Net fixed assets	4,436,262	1,408,630	-	5,844,892
Deposits	1,980	1,503	-	3,483
Note and interest receivable	330,677	-	-	330,677
Due from Affiliate	375,424	-	(375,424)	-
Long-term certifications of deposit	1,283,119	-	-	1,283,119
Total Assets	$ 18,538,717	$ 1,440,674	$ (375,424)	$ 19,603,967
Current Liabilities				
Accounts payable	$ 5,059,080	$ -	$ -	$ 5,059,080
Accrued expenses	389,509	-	-	389,509
Deferred revenue	553,459	55	-	553,514
Security deposits	1,980	1,503	-	3,483
Total current liabilities	6,004,028	1,558	-	6,005,586
Non-Current Liabilities				
Long-term debt	111,401	518,092	-	629,493
Due to Affiliate	-	375,424	(375,424)	-
Total non-current liabilities	111,401	893,516	(375,424)	629,493
Total liabilities	6,115,429	895,074	(375,424)	6,635,079
Net Assets	12,423,288	545,600	-	12,968,888
Total Liabilities & Net Assets	$ 18,538,717	$ 1,440,674	$ (375,424)	$ 19,603,967

Action, Inc. and Affiliate

Supplemental Schedule - Consolidating Statement of Activities

For the Year Ended September 30, 2017

	Action, Inc.	*HTCHC Affiliate*	*Total*
Public Support And Revenues			
Program revenue and other support	$ 60,721,370	$ -	$ 60,721,370
Rental income	226,801	55,868	282,669
Contributions and grants	309,978	-	309,978
In-kind contributions	105,248	-	105,248
Investment income	59,232	-	59,232
Total public support and revenues	61,422,629	55,868	61,478,497
Expenses			
Program services	57,812,175	77,299	57,889,474
Management and general	1,329,771	-	1,329,771
Fundraising	106,863	-	106,863
Total expenses	59,248,809	77,299	59,326,108
Changes in net assets	2,173,820	(21,431)	2,152,389
Net assets at beginning of the year	10,249,468	567,031	10,816,499
Net assets at end of the year	$ 12,423,288	$ 545,600	$ 12,968,888