

# ANSTISS

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PUBLIC  
ACCOUNTANTS

## Woburn Council of Social Concern, Inc.

Financial Statements

June 30, 2015 and 2014

AUDIT, TAX & ADVISORY SERVICES  
SINCE 1964

**Woburn Council of Social Concern, Inc.**  
**Financial Statements**  
**June 30, 2015 and 2014**

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## Independent Auditor's Report

To the Board of Directors of  
Woburn Council of Social Concern, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Woburn Council of Social Concern, Inc., (a non-profit corporation), which comprise the statements of financial position as of June 30, 2015 and 2014, 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 Woburn Council of Social Concern, Inc. as of June 30, 2015 and 2014, 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, 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. 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 taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2015, on our consideration of Woburn Council of Social Concern, Inc.'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 the 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 Woburn Council of Social Concern, Inc.'s internal control over financial reporting and compliance.

*Anstiss & Co., P.C.*

Anstiss & Co., P. C.

Lowell, MA

November 4, 2015

**Woburn Council of Social Concern, Inc.**  
**Statements of Financial Position**  
**June 30, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 269,220	\$ 281,269
Accounts receivable, net	91,842	84,070
Contributions receivable	42,545	-
Prepaid expenses and other current assets	11,635	29,253
Deposits	20,508	15,035
<b>Total current assets</b>	435,750	409,627
Fixed assets - net	1,680,744	1,725,044
Other assets		
Contributions receivable - long-term	32,680	-
<b>Total assets</b>	\$ 2,149,174	\$ 2,134,671
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 23,209	\$ 22,097
Accrued expenses	84,748	81,323
Current portion of mortgage payable	42,251	43,530
Deferred revenue	429	442
Other current liabilities	2,596	2,810
<b>Total current liabilities</b>	153,233	150,202
Mortgage payable	995,997	1,095,793
<b>Total liabilities</b>	1,149,230	1,245,995
<b>Net assets</b>		
Unrestricted	891,385	835,357
Temporarily restricted	108,559	53,319
<b>Total net assets</b>	999,944	888,676
<b>Total liabilities and net assets</b>	\$ 2,149,174	\$ 2,134,671

**Woburn Council of Social Concern, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenue and Support</b>			
Contributions	\$ 296,479	\$ 108,558	\$ 405,037
In-kind contributions	450,178	-	450,178
Grants	147,633	-	147,633
Program service fees	1,068,238	-	1,068,238
Fundraising - United Way	65,743	-	65,743
Fundraising - other	8,500	-	8,500
Investment revenue	1,004	-	1,004
Other income	1,177	-	1,177
Net assets released from restrictions	53,318	(53,318)	-
<b>Total revenue and support</b>	<u>2,092,270</u>	<u>55,240</u>	<u>2,147,510</u>
<b>Expenses</b>			
Program	1,577,587	-	1,577,587
Management and general	321,702	-	321,702
Fundraising	136,953	-	136,953
<b>Total expenses</b>	<u>2,036,242</u>	<u>-</u>	<u>2,036,242</u>
<b>Change in net assets</b>	56,028	55,240	111,268
<b>Net assets at the beginning of year</b>	<u>835,357</u>	<u>53,319</u>	<u>888,676</u>
<b>Net assets at the end of year</b>	<u>\$ 891,385</u>	<u>\$ 108,559</u>	<u>\$ 999,944</u>

**Woburn Council of Social Concern, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenue and Support</b>			
Contributions	\$ 274,791	\$ 33,334	\$ 308,125
In-kind contributions	503,751	19,985	523,736
Grants	140,633	-	140,633
Program service fees	1,155,532	-	1,155,532
Fundraising - United Way	77,863	-	77,863
Fundraising - other	10,000	-	10,000
Investment revenue	1,632	-	1,632
Other income	2,969	-	2,969
Net assets released from restrictions	33,333	(33,333)	-
<b>Total revenue and support</b>	<u>2,200,504</u>	<u>19,986</u>	<u>2,220,490</u>
<b>Expenses</b>			
Program	1,717,015	-	1,717,015
Management and general	311,391	-	311,391
Fundraising	130,946	-	130,946
<b>Total expenses</b>	<u>2,159,352</u>	<u>-</u>	<u>2,159,352</u>
<b>Change in net assets</b>	41,152	19,986	61,138
<b>Net assets at the beginning of year</b>	<u>794,205</u>	<u>33,333</u>	<u>827,538</u>
<b>Net assets at the end of year</b>	<u>\$ 835,357</u>	<u>\$ 53,319</u>	<u>\$ 888,676</u>

**Woburn Council of Social Concern, Inc.**  
**Statement of Functional Expenses**  
**For the Years Ended June 30, 2015 and 2014**

	<b>2015</b>			
	<b>Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Employee compensation and related expenses	\$ 663,484	\$ 193,937	\$ 75,062	\$ 932,483
Occupancy	95,151	47,920	2,270	145,341
Other program and operating expense	685,826	2,350	308	688,484
Subcontract expense	-	2,803	23,592	26,395
Direct administrative expense	20,624	26,885	12,451	59,960
Other expenses	81,215	31,886	22,537	135,638
Depreciation	31,287	15,921	733	47,941
Total expenses	\$ 1,577,587	\$ 321,702	\$ 136,953	\$ 2,036,242

	<b>2014</b>			
	<b>Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Employee compensation and related expenses	\$ 672,676	\$ 199,084	\$ 77,215	\$ 948,975
Occupancy	89,589	45,380	2,081	137,050
Other program and operating expense	819,727	1,922	86	821,735
Subcontract expense	-	2,705	21,181	23,886
Direct administrative expense	18,313	28,331	8,694	55,338
Other expenses	83,985	17,323	20,922	122,230
Depreciation	32,725	16,646	767	50,138
Total expenses	\$ 1,717,015	\$ 311,391	\$ 130,946	\$ 2,159,352

See accompanying auditor's report and notes to the financial statements.



**Woburn Council of Social Concern, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities</b>		
<b>Change in net assets</b>	\$ 111,268	\$ 61,138
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	47,941	50,138
Realized and loss on investments	-	189
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(7,772)	4,711
Increase in contributions receivable	(75,225)	-
Decrease (increase) in		
prepaid expenses and other current assets	17,618	(17,726)
Increase in deposits	(5,473)	(3,845)
Increase (decrease) in accounts payable	1,112	(3,522)
Increase in accrued expenses	3,425	4,332
(Decrease) increase in deferred revenue	(13)	212
Decrease in other current liabilities	(214)	(16)
<b>Net cash provided by operating activities</b>	92,667	95,611
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(3,641)	-
Proceeds from sale of investments	-	10,200
<b>Net cash (used) provided by investing activities</b>	(3,641)	10,200
<b>Cash flows from financing activities</b>		
Payments on long-term debt	(101,075)	(146,073)
<b>Net cash used for financing activities</b>	(101,075)	(146,073)
<b>Net decrease in cash and cash equivalents</b>	(12,049)	(40,262)
<b>Cash and cash equivalents at June 30, 2014 and 2013</b>	281,269	321,531
<b>Cash and cash equivalents at June 30, 2015 and 2014</b>	\$ 269,220	\$ 281,269
<b>Supplemental data:</b>		
In-kind contributions	\$ 450,178	\$ 523,736
Interest paid	37,252	38,492
Income taxes paid	\$ -	\$ -

See accompanying auditor's report and notes to the financial statements.

**Woburn Council of Social Concern, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2015 and 2014**

**Note 1 – Organization**

The Woburn Council of Social Concern, Inc. (the Organization) is a Massachusetts not-for-profit, community-based organization located in Woburn Massachusetts, responding to the basic needs of people of all ages, providing early childhood education and care, helping individuals develop their potential, creating positive family and community relationships, and fostering respect for diversity.

Most of the Organization's programs serve residents of Woburn and Winchester Massachusetts. Some of the Organization's programs also serve residents of one or more other communities within Middlesex County, Massachusetts. The Organization assists over 2,200 individuals per year, with the support of approximately 250 volunteers.

The following program divisions are listed in order of relative importance based upon total program expenditures:

- *Family Child Care System* - Operates a family-based childcare system serving children, 2 months through 5 years of age. Children receive childcare in the homes of EEC licensed, independent family childcare providers, with whom the Organization contracts. Subsidized tuition assistance is available on a sliding scale basis to eligible low and moderate-income families. Social support services are also available to parents and children, with a special focus on families identified as high risk.
- *Children's Center* - The Children's Center is a National Association for the Education of Young Children (aka NAEYC) accredited early childhood education and child care facility, providing children with full time, year-round care. The Children's Center is licensed by the Massachusetts Department of Early Education and Care (EEC) and accepts children from 1 month through 5 years of age.
- *Food Pantry* - The Food Pantry provides food to individuals and families without adequate financial resources to meet basic needs. A Community Resource Coordinator is available to Food Pantry clients during Food Pantry program hours, to educate them about community resources that may be able to assist them.
- *Family Skill Building - Supervised Visitation Program* - The program offers a safe, neutral environment where parents and children can spend quality time together. Child-friendly rooms are equipped with age appropriate toys and games that allow for quality parent/child interaction. An audio and visual monitoring system is available.
- *Family Skill Building - Parenting Education Program* - The program offers parenting education classes to help parents enhance their parenting skills and deal with significant parenting challenges. Child care is available on-site for all evening classes.

**Woburn Council of Social Concern, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2015 and 2014**

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization reports net assets, revenues, expenses, gains, and losses in accordance with the provisions of FASB Accounting Standards Codification (ASC) 958-205, “*Presentation of Financial Statements*”. Under ASC 958-205, financial information is classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets

Unrestricted net assets comprise those assets upon which donors have placed no restrictions on the expenditure of the principal or income.

Temporarily Restricted Net Assets

Net assets subject to donor imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time are classified as temporarily restricted. The Organization chooses to show restricted contributions whose restrictions are met in the same reporting period as unrestricted contributions.

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization are classified as permanently restricted. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes. At June 30, 2015 and 2014, the Organization had no permanently restricted net assets.

***Fair Value of Financial Instruments***

ASC 820-10, “Fair Value Measurements”, applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. ASC 820-10 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

**Woburn Council of Social Concern, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2015 and 2014**

**Note 2 – Summary of Significant Accounting Policies (continued)**

***Fair Value of Financial Instruments (continued)***

Level 3 – Inputs that are unobservable for the asset or liability which are typically based on an entity’s own assumptions, as there is little, if any, related market activity.

Instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

ASC 825-10, “*Financial Instruments*”, permits an entity to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis. The Organization has not adopted any of the additional fair value options allowed in the standard.

***Cash Equivalents***

For purposes of the statement of cash flows, cash equivalents include short term investments, if any, that are readily convertible to cash within ninety days of purchase.

***Accounts Receivable***

The Organization records its accounts receivable at the amount it expects to collect on the outstanding principal amount. On a periodic basis, the Organization evaluates its accounts receivable and either establishes an allowance for doubtful accounts based on a history of past write-offs and collections and current credit conditions or writes-off amounts considered uncollectible. As of June 30, 2015, management has determined any allowance would be immaterial.

***Contributions Receivable***

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. Subsequent amortization of the discount is credited to contribution income. Management has established an allowance for uncollectible promises which represent an estimate, discounted for present value, of promises to give which will be written off. Conditional promises to give are not included in support until the conditions are met.

***Fixed Assets***

The Organization capitalizes purchases of fixed assets and records at cost if purchased or at fair market value at the date of the gift, if donated. Minor equipment purchases, replacements, maintenance, and repairs are charged to expense as incurred.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets capitalized as follows:

	<u>Years</u>
Building	40
Building improvements	20
Office equipment, furnishings and computers	3-10

**Woburn Council of Social Concern, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2015 and 2014**

**Note 2 – Summary of Significant Accounting Policies (continued)**

***Contracts***

The programs of the Organization are supported principally by contracts negotiated with various agencies of the Commonwealth of Massachusetts. Therefore, the Organization is subject to the regulations of the Massachusetts Operational Services Division. Revenues are being recorded by the individual programs either at the rates approved under negotiated contracts or the rate of reimbursement as certified by the Massachusetts Operational Services Division.

***Grants and Contributions***

Grants and contributions from businesses, foundations, and individuals are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional grants and contributions are recognized when the conditions on which they depend are substantially met. Grants and contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the grants and contributions are recognized. All other donor-restricted grants contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

***Donated Goods and Services***

Contributed services were provided by individuals possessing specialized skills and amounted to \$40,249 and \$36,028 for the years ended June 30, 2015 and 2014, respectively. Contributed services are included with in-kind contributions and with administration and program expenses in the accompanying financial statements and are recorded at estimated reasonable rates of costs which would have been involved if services had been purchased.

Donations of food and other items were \$450,178 and \$507,399 for the years ended June 30, 2015 and 2014. Contributed goods are included with in-kind contributions and with administration and program expenses in the accompanying financial statements and are recorded at estimated fair value on the date of receipt.

***Expense Allocation***

Expenses are allocated among program and supporting services directly or based on time records and square footage. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but provides for overall support and direction of the Organization.

***Advertising Costs***

The Organization expenses advertising costs when they are incurred. Advertising expense were \$2,242 and \$1,944 for the years ended June 30, 2015 and 2014.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Woburn Council of Social Concern, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2015 and 2014**

**Note 2 – Summary of Significant Accounting Policies (continued)**

***Uncertain Tax Positions***

The Organization, incorporated under Chapter 180 of the Massachusetts General Laws as a tax exempt entity, has been granted tax-exempt status under Internal Revenue Code Section 501(c)(3), and is, therefore, generally exempt from federal and state income taxes. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

The Organization is required by ASC 740-10, “Income Taxes”, to evaluate and disclose tax positions that could have an effect on the Organization’s financial statements. The Organization reports its activities to the Internal Revenue Service and to the Commonwealth of Massachusetts on an annual basis. These informational returns are generally subject to audit and review by the governmental agencies for a period of three years after filing. Substantially all of the Organization’s income, expenditures and activities relate to its exempt purpose, therefore, management has determined that the Organization is not subject to unrelated business income taxes and will continue to qualify as a tax exempt not-for-profit entity.

**Note 3 – Concentrations of Credit Risk**

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash, cash equivalents and contract receivables. The Organization maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. All deposits above the federally insured limits are covered by the Depositor’s Insurance Fund (DIF). Management periodically assesses the stability of the financial institutions that hold their funds and considers credit risk to be minimal. The Organization has not experienced any losses in such accounts. Credit risk associated with contract receivables is concentrated among Federal and State agencies which comprise substantially all of the receivable balances as of June 30, 2015 and 2014.

**Note 4 – Contributions Receivable**

The following are promises to give as of June 30, 2015:

Receivable in less than one year	\$ 33,333
Receivable in one to five years	33,334
Receivable in more than five years	<u>-</u>
Total unconditional contributions receivable	\$ 66,667
Less: discounts to net present value (2%)	<u>(654)</u>
Net promises to give	<u>\$ 66,013</u>

There was no allowance for uncollectable contributions receivable as of June 30, 2015. There were no contributions receivable as of June 30, 2014.

The amount of contributions receivable represents the net amount of receivables that the Organization believes it will collect in future years. Each year, the collectibility of the remaining receivable is assessed and any potentially uncollectible amounts are either written-off or posted to the allowance for uncollectible contributions receivable. As a result, there may be circumstances that occur during future years that will affect the collectibility of the above amounts.

**Woburn Council of Social Concern, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2015 and 2014**

**Note 5 – Fixed Assets**

Fixed assets consisted of the following at June 30<sup>th</sup>:

	<u>2015</u>	<u>2014</u>
Land	\$ 389,500	\$ 389,500
Building	1,830,638	1,830,638
Building improvements	39,573	39,573
Office equipment, furnishings, and computers	<u>26,660</u>	<u>23,019</u>
Total fixed assets	2,286,371	2,282,730
Less: accumulated depreciation	<u>(605,627)</u>	<u>(557,686)</u>
Total fixed assets	<u>\$ 1,680,744</u>	<u>\$ 1,725,044</u>

Depreciation expense was \$47,941 and \$50,138 for the years ending June 30, 2015 and 2014, respectively.

**Note 6 – Mortgage Note Payable**

The Organization has a promissory note agreement with Winchester Savings Bank. For the period June 17, 2014 through June 17, 2015, monthly payments, of principal and interest, were adjusted to a margin of 3.25% in excess of the average weekly yield on a U.S. Treasury Note, with an effective annual rate of 3.375%. Beginning June 17, 2015, monthly payments, of principal and interest amounting to \$6,493, were adjusted annually to a margin of 3.25% in excess of the average weekly yield on a U.S. Treasury Note. As of June 30, 2015, the interest rate on the promissory note was 3.500%. The note in the original amount of \$1,480,000 is collateralized by a first mortgage on the property. The loan matures June 2033 and as of June 30, 2015 the principal balance due was \$1,038,248.

Maturities of the mortgage note payable are projected as follows based on the MTA Rate Forecast on 1-Year Treasury Bills:

<u>Year</u> <u>Ended</u>	<u>Projected</u> <u>Mortgage</u> <u>Interest Rate</u> <u>"Unaudited"</u>	<u>Projected</u> <u>Amount</u>
2016	3.500%	\$ 42,251
2017	4.125%	\$ 41,299
2018	4.750%	\$ 40,833
2019	5.125%	\$ 41,569
2020	5.625%	\$ 42,176

Interest expense for the years ended June 30, 2015 and 2014 were \$37,252 and \$42,122, respectively.

**Woburn Council of Social Concern, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2015 and 2014**

**Note 7 - Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following as of June 30, 2015 and 2014:

Time Restrictions:

	<u>2015</u>	<u>2014</u>
OneWorld Boston program	\$ 99,347	\$ 33,333
Estate bequest	9,212	-
Electricity credit	-	19,985
Total	<u>\$ 108,559</u>	<u>\$ 53,318</u>

**Note 8 -- Employee Benefits**

The Organization has a plan that qualifies as a “Cafeteria Plan” under Section 125 of the IRC. The plan allows the Organization’s employees to pay for medical and dental insurance on a pre-tax basis. All employees are eligible to participate in the plan upon hire, open annual enrollment, and qualifying events.

**Note 9 - Related Party Activity**

During the years ended June 30, 2015 and 2014, a member of the Board of Directors was also a member of the Organization’s network of family child care providers. The Organization paid \$49,591 and \$46,078 in direct care provider fees to this Board member during the years ended June 30, 2015 and 2014, respectively. As of June 30, 2015 and 2014, accounts payable to this Board member were \$1,883 and \$3,011, respectively.

In addition, during the years ended June 30, 2015 and 2014, the Organization paid family members of two members of the Board of Directors and a member of management for services provided in the amounts of \$7,669 and \$3,646, respectively. As of June 30, 2015 and 2014, accounts payable to these individuals were \$1,212 and \$280, respectively.

**Note 10 - Commitments and Contingencies**

The Organization has elected to pay unemployment insurance benefits to the Commonwealth under the reimbursable method. Under this method, the Organization is billed for any and all benefits actually paid to its former employees by the Commonwealth. To mitigate its exposure to unemployment claims, the Organization has a stop loss insurance policy administered by 501(c) Agencies Trust. The Organization has also funded an unemployment insurance reserve administered by 501(c) Agencies Trust. As of June 30, 2015 and 2014, the reserve balances were \$20,508 and \$15,035, respectively, and were included in other assets on the accompanying statements of financial position. Management is of the opinion that no material liability will result from such claims.



**Woburn Council of Social Concern, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2015 and 2014**

**Note 11 - Surplus Revenue Retention**

The Organization's contracts with the Commonwealth of Massachusetts are negotiated unit rate and cost reimbursement type contracts. During the year ended June 30, 2015, the accumulated surplus revenue retention deficit balance increased by \$232,274 from \$(3,451,503) at June 30, 2014 to \$(3,683,777) at June 30, 2015.

The Commonwealth allows the Organization to retain a surplus of 5% of total revenues attributable to or generated by the Commonwealth funded elder programs to be utilized for the charitable purposes of the Organization provided the cumulative surplus does not exceed 20% of the prior year's Commonwealth revenue. As of June 30, 2015, the Organization was not in excess of the surplus revenue retention limitations.

**Note 12 – Subsequent Events**

ASC 855-10, "*Subsequent Events*", defines further disclosure requirements for events that occur after the balance sheet date but before financial statements are issued. In accordance with ASC 855-10, management has evaluated events subsequent to June 30, 2015 through November 4, 2015, which is the date the financial statements were available to be issued. There has been no material event noted during this period that would either impact the results reflected in this report or the Organization's results going forward.

**Independent Auditor's 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  
Woburn Council of Social Concern, Inc.

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 Woburn Council of Social Concern, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, 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 November 4, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Woburn Council of Social Concern, Inc.'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 Woburn Council of Social Concern, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Woburn Council of Social Concern, Inc.'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 Woburn Council of Social Concern, Inc.'s financial statements are free from 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.

Anstiss & Co., P.C.  
Lowell, MA  
November 4, 2015

**Independent Auditor's 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  
Woburn Council of Social Concern, Inc.

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

We have audited Woburn Council of Social Concern, Inc.'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 Woburn Council of Social Concern, Inc.'s major federal programs for the year ended June 30, 2015. Woburn Council of Social Concern, Inc.'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 Woburn Council of Social Concern, Inc.'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 Woburn Council of Social Concern, Inc.'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 Woburn Council of Social Concern, Inc.'s compliance.

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

In our opinion, Woburn Council of Social Concern, Inc. 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 June 30, 2015.

## Report on Internal Control Over Compliance

Management of Woburn Council of Social Concern, Inc. 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 Woburn Council of Social Concern, Inc.'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 Woburn Council of Social Concern, Inc.'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.

Anstiss & Co., P.C.  
Lowell, MA  
November 4, 2015

**Woburn Council of Social Concern, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2015**

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                             \_\_\_ yes      no
- Significant deficiency(ies) identified?                       \_\_\_ yes      none reported
- Noncompliance material to financial statements noted?   \_\_\_ yes      none reported

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?                             \_\_\_ yes      no
- Significant deficiency(ies) identified?                       \_\_\_ yes      none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported  
in accordance with section 510(a) of OMB Circular A-133?   \_\_\_ yes      no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.596, 93.575, 93.558	CCDF Cluster

Dollar threshold used to distinguish between type A and type B programs:    \$300,000         

Auditee qualified as low-risk auditee?                              yes     \_\_\_ no

**Section II – Financial Statement Findings**

No matters were reported.

**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

**Woburn Council of Social Concern, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2015**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	CFDA Number	Contract Number	Federal Expenditures
<b>Department of Health &amp; Human Services:</b>			
<u>Pass-through Commonwealth of Massachusetts</u>			
<u>Department of Early Education and Care</u>			
* CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2015FLEXPOOLINCOMEEL 2015PRIORPORSUPPMA01 400010WOBURNCOUN25IE 4100WOBURNCOUNCIPPSP	\$ 1,055 8,362 34,206 166,209 <u>209,832</u>
Child Care and Development Block Grant	93.575	2015FLEXPOOLINCOMEEL 2015PRIORPORSUPPMA01 400010WOBURNCOUN25IE 4100WOBURNCOUNCIPPSP	1,950 7,944 63,217 157,890 <u>231,001</u>
Temporary Assistance for Needy Families	93.558	2015FLEXPOOLINCOMEEL 400010WOBURNCOUN25IE	6,067 196,685 <u>202,752</u>
Total Child Care Cluster			<u>643,585</u>
<b>Total Department of Health &amp; Human Services</b>			<u>643,585</u>
<b>Department of Agriculture:</b>			
<u>Pass-through Commonwealth of Massachusetts</u>			
<u>Department of Education</u>			
Child and Adult Food Program	10.558	SCDOE15758A70532117A SCDOE15758T70532117A	3,650 6,713 <u>10,363</u>
<b>Total Department of Agriculture</b>			<u>10,363</u>
<b>Department of Homeland Security:</b>			
Emergency Food and Shelter National Board Program	97.024	N/A	12,000 <u>12,000</u>
<b>Total Federal Award Expenditures</b>			<u><u>\$ 665,948</u></u>

**Woburn Council of Social Concern, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2015**

**Notes to the Schedule of Expenditures of Federal Awards**

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Woburn Council of Social Concern, Inc. under programs of the federal government for the year ended June 30, 2015. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Woburn Council of Social Concern, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of Woburn Council of Social Concern, Inc.

2. Significant Accounting Policies:

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

\* Denotes major program.