

OPERATION A.B.L.E OF GREATER BOSTON, INC.

Financial Statements

June 30, 2015

OPERATION A.B.L.E. OF GREATER BOSTON, INC.

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June 30, 2015

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Independent Auditors' Report

To the Board of Directors of
Operation A.B.L.E. of Greater Boston, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Operation A.B.L.E. of Greater Boston, Inc. (a nonprofit organization), (the Organization), which comprise the statements of financial position as of June 30, 2015 and the related statements of activities, functional expenses and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 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 auditors' 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 the Organization 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.

Prior Period Financial Statement

The financial statements of Operation A.B.L.E. of Greater Boston, Inc. as of June 30, 2014, were audited by other auditors whose report dated January 8, 2015, expressed an unmodified opinion on those statements. The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principals generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated Month XX, 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.

Month XX, 2015



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
Operation A.B.L.E. of Greater Boston, 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 Operation A.B.L.E. of Greater Boston, Inc. (a nonprofit organization), (the Organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated **Month XX, 2015**.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization'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 the Organization'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*.

As part of obtaining reasonable assurance about whether the Organization'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 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.



**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
Operation A.B.L.E. of Greater Boston, Inc.

Report on Compliance for Each Major Federal Program

We have audited Operation A.B.L.E. of Greater Boston, Inc.'s (a nonprofit organization), (the Organization) 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 the Organization's major federal program for the year ended June 30, 2015. The Organization's major federal program is identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program 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 the Organization'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 the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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 the Organization'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.

OPERATION A.B.L.E of GREATER BOSTON, INC.

Statement of Financial Position

As of June 30, 2015

With Comparative Totals as of June 30, 2014

Current Assets	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 98,669	\$ 195,752
Investments	499,929	286,364
Government grant receivable	-	15,595
Accounts receivable	17,438	6,693
Pledges receivable	17,600	114,840
Prepaid expenses	<u>23,777</u>	<u>20,130</u>
Total current assets	<u>657,413</u>	<u>639,374</u>
Fixed Assets		
Equipment	<u>197,119</u>	<u>192,164</u>
Total fixed assets	197,119	192,164
Less: accumulated depreciation	<u>(183,355)</u>	<u>(173,293)</u>
Total net fixed assets	<u>13,764</u>	<u>18,871</u>
Other Assets		
Rental security deposit	<u>20,833</u>	<u>20,833</u>
Total other assets	<u>20,833</u>	<u>20,833</u>
Total Assets	<u><u>692,010</u></u>	<u><u>679,078</u></u>
Current Liabilities		
Accounts payable	2,493	45,578
Accrued expenses	8,799	11,023
Accrued and withheld payroll and taxes	29,413	36,154
Accrued vacation	17,080	15,690
Services fee advances	<u>9,651</u>	<u>20,467</u>
Total current liabilities	<u>67,436</u>	<u>128,912</u>
Net Assets		
Unrestricted	580,751	350,222
Temporarily restricted	<u>43,823</u>	<u>199,944</u>
Total net assets	<u>624,574</u>	<u>550,166</u>
Total Liabilities and Net Assets	<u><u>\$ 692,010</u></u>	<u><u>\$ 679,078</u></u>

OPERATION A.B.L.E of GREATER BOSTON, INC.

Statement of Activities

For the Year Ended June 30, 2015
With Comparative Totals for the Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Total</u>
Revenue and Support				
Contributions				
Grants	\$ 449,650	\$ 130,198	\$ 579,848	\$ 418,564
In-kind contributions	178,820	-	178,820	164,520
Special events,	138,000	152,375	290,375	167,695
less cost of direct benefits	<u>(101,921)</u>	<u>-</u>	<u>(101,921)</u>	<u>(85,359)</u>
Total contribution and net				
revenue from special event	664,549	282,573	947,122	665,420
Net assets released from restrictions	438,694	(438,694)	-	-
Service fees				
Contracts	1,306,733	-	1,306,733	1,362,536
Other services fees	19,733	-	19,733	18,592
Interest and dividend income	5,036	-	5,036	10,508
Net realized and unrealized gains/(losses) on				
investments	<u>8,529</u>	<u>-</u>	<u>8,529</u>	<u>40,167</u>
Total revenue and support	<u>2,443,274</u>	<u>(156,121)</u>	<u>2,287,153</u>	<u>2,097,223</u>
Expenses				
<u>Program services</u>				
Training services	1,680,521	-	1,680,521	1,687,186
Employment services	83,724	-	83,724	46,887
Total program service	<u>1,764,245</u>	<u>-</u>	<u>1,764,245</u>	<u>1,734,073</u>
<u>Support Services</u>				
Management and general expenses	308,999	-	308,999	256,951
Fundraising	139,501	-	139,501	114,058
Total support services	<u>448,500</u>	<u>-</u>	<u>448,500</u>	<u>371,009</u>
Total expenses	<u>2,212,745</u>	<u>-</u>	<u>2,212,745</u>	<u>2,105,082</u>
Change in net assets	<u>230,529</u>	<u>(156,121)</u>	<u>74,408</u>	<u>(7,859)</u>
Total Change in Net Assets	230,529	(156,121)	74,408	(7,859)
Net Assets at Beginning of Year	<u>350,222</u>	<u>199,944</u>	<u>550,166</u>	<u>558,025</u>
Net Assets at End of Year	<u>\$ 580,751</u>	<u>\$ 43,823</u>	<u>\$ 624,574</u>	<u>\$ 550,166</u>

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

OPERATION A.B.L.E of GREATER BOSTON, INC.

Statement of Cash Flows

For the Year Ended June 30, 2015
With Comparative Totals for the Year Ended June 30, 2014

Cash Flows from Operating Activities	<u>2015</u>	<u>2014</u>
Change in net assets	\$ 74,408	\$ (7,859)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	10,062	32,837
Net unrealized and realized gains on investments	(10,150)	(18,409)
Decrease (increase) in assets:		
Government grant receivable	15,595	16,745
Accounts receivable	(10,745)	55,779
Pledges receivable	97,240	60,995
Prepaid expenses	(3,647)	(9,208)
Increase (decrease) in liabilities:		
Accounts payable	(43,085)	(22,754)
Accrued expenses	(2,224)	(33,810)
Accrued and withheld payroll and taxes	(6,741)	4,631
Accrued vacation	1,390	7,526
Services fee advances	<u>(10,816)</u>	<u>(4,443)</u>
Net Cash Provided by Operating Activities	<u>111,287</u>	<u>82,030</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(4,955)	-
Proceeds from the sale of investments	118,917	232,493
Purchase of investments	<u>(322,332)</u>	<u>(150,508)</u>
Net Cash (Used in) Provided by Investing Activities	<u>(208,370)</u>	<u>81,985</u>
Net Cash Provided by Financing Activities	<u>-</u>	<u>-</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(97,083)	164,015
Cash and Cash Equivalents - Beginning	<u>195,752</u>	<u>31,737</u>
Cash and Cash Equivalents - Ending	<u>\$ 98,669</u>	<u>\$ 195,752</u>

OPERATION A.B.L.E of GREATER BOSTON, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2015

With Comparative Totals for the Year Ended June 30, 2014

	<u>Training Services</u>	<u>Employment Services</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2015 Total</u>	<u>2014 Total</u>
Functional Expenses							
Salaries							
Staff	366,056	39,925	\$ 405,981	\$ 190,089	\$ 102,074	\$ 698,144	\$ 744,100
Program Participants	753,560	-	753,560	-	-	753,560	666,139
Payroll taxes	101,272	3,946	105,218	17,097	9,207	131,522	116,557
Fringe benefits	74,070	2,886	76,956	12,505	6,734	96,195	93,958
Subtotal	<u>1,294,958</u>	<u>46,757</u>	<u>1,341,715</u>	<u>219,691</u>	<u>118,015</u>	<u>1,679,421</u>	<u>1,620,754</u>
Advertising	-	-	-	-	2,880	2,880	3,387
Bank and credit card charges	-	-	-	6,414	-	6,414	5,019
Consultants	19,227	23,003	42,230	40,809	956	83,995	50,795
Depreciation	7,748	302	8,050	1,308	704	10,062	32,837
Dues and subscriptions	-	-	-	2,507	-	2,507	3,398
In-kind services	172,170	-	172,170	-	-	172,170	164,520
Insurance	4,167	162	4,329	704	379	5,412	7,691
Meeting	1,963	76	2,039	332	178	2,549	3,729
Miscellaneous	-	-	-	1,013	-	1,013	609
Office supplies	26,510	1,033	27,543	4,476	2,410	34,429	16,952
Occupancy	117,350	4,572	121,922	5,896	10,668	138,486	132,975
Payroll processing fees	-	-	-	7,606	-	7,606	5,852
Postage	3,130	122	3,252	528	285	4,065	5,208
Printing	5,037	196	5,233	850	458	6,541	11,110
Professional fees	-	-	-	12,092	-	12,092	11,626
Repairs and maintenance	785	31	816	133	71	1,020	962
Telephone	9,739	379	10,118	1,645	885	12,648	11,588
Training	6,413	250	6,663	1,082	583	8,328	3,600
Travel and transportation	11,324	441	11,765	1,913	1,029	14,707	7,070
Website design and maintenance	-	6,400	6,400	-	-	6,400	5,400
Total Functional Expenses	<u>\$ 1,680,521</u>	<u>\$ 83,724</u>	<u>\$ 1,764,245</u>	<u>\$ 308,999</u>	<u>\$ 139,501</u>	<u>\$ 2,212,745</u>	<u>\$ 2,105,082</u>

OPERATION A.B.L.E. OF GREATER BOSTON, INC.

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The significant accounting policies followed by Operation A.B.L.E. of Greater Boston, Inc. (the Organization) are described below to enhance the usefulness of the financial statements to the reader.

(a) Nature of Activities

The Organization is not-for-profit organization incorporated in 1982 in Boston. *The mission of the Organization* has not changed in its 33-year history and continues to be *to provide employment and training services to mature workers 45 and older from economically, racially and occupationally diverse backgrounds*. The Organization has served well over 33,000 job seekers 45 years and older since its inception in 1982. It is a recognized adult training and employment center in Massachusetts and receives federal, state and city contracts for training and employment services. In addition, the Organization received United Way, corporate and foundation contributions, individual donations and raises considerable operating support from its annual *Starfish Thrower Gala*.

The Organization knows that “one size does not fit all” when trying to get back into the job market and, therefore, has a variety of resources available to assist job seekers 45 and older get back to work, including: coaching and counseling, a number of training and employment programs for those individuals who need retraining to get back into the workforce, a Resource Room where job seekers can conduct their job search, internships and apprenticeships, professional networking groups and job clubs, a Job Board where employers can post their job openings and all kinds of employer/job seeker events where job seekers can interact with real employers.

The Organization was awarded significant resources in FY15 to provide computer skills training to companies that pay into the unemployment system, to continue its Medical Office and Healthcare Program, and to create an Open Entry, Open Exit Training Program. In FY15, the Organization has also been awarded two very important awards for FY15 and beyond including a grant from the Commonwealth of Massachusetts and continuance of the Department of Labor’s Senior Community Service Employment Program for low income Massachusetts job seekers 55 years and older valued at more than \$1 Million.

OPERATION A.B.L.E. OF GREATER BOSTON, INC.

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies – continued

(a) Nature of Activities – continued

The Organization's services are provided to Greater Boston residents. The following program divisions are listed in order of relative importance based upon total program expenditures:

Senior Community Service Employment Program (SCSEP)

An opportunity for low-income individuals 55 and older to receive on-the-job training at a not-for-profit or government Organization. Participants receive a stipend while performing community service at their training site. The ultimate goal is for participants to transition to unsubsidized employment.

Skills2Work

A twelve-week office administration, computer skills and customer service training program that prepares students for re-entry to the workforce.

Employment Services

Coaching, counseling, job search referrals, support and resources to both prepare the unemployed mature worker for employment as well as ensure that the new worker can attain self-sufficiency through asset development and / or job upgrade.

A.B.L.E. Beginnings

A six-week introduction to computer and internet navigation skills program designed to enable job seekers to apply on-line for jobs, type resumes and cover letters and learn to prepare for interviews.

Medical & Healthcare Office Training

A twelve-week instructional program plus six-week internship in medical office registration, administration, computer skills and customer service.

Incumbent Workforce Training

Computer skills training to employees of companies that participate in the state unemployment system, paid for by the Commonwealth of Massachusetts and provided at no charge to the employer.

OPERATION A.B.L.E. OF GREATER BOSTON, INC.

Notes to Financial Statements

June 30, 2015

(Continued)

(1) Summary of Significant Accounting Policies – continued

(b) Basis of Presentation

The statement of activities reports all changes in net assets, including changes in unrestricted net assets from operating and non-operating activities. Operating revenues consist of those monies received and other contributions attributable to the Organization's ongoing efforts. Investment income, realized and unrealized gains and losses on investments, net of related management fees are reported as non-operating revenue because such assets are managed for long-term stabilization of the Organization's activities.

(c) Standards of Accounting and Reporting

The Organization's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents three classes of net assets (permanently restricted, temporarily restricted and unrestricted) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

Unrestricted - Unrestricted net assets are not subject to donor imposed restrictions. Unrestricted net assets consist of assets and contributions available for the support of operations. Unrestricted net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law.

Temporarily Restricted - Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(d) Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash balances at several financial institutions located in Massachusetts. The cash balances are insured by the Federal Deposit Insurance Corporation. At times these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of June 30, 2015.

OPERATION A.B.L.E. OF GREATER BOSTON, INC.

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies - continued

(e) Investments

The Organization carries investments in marketable securities at fair value which is determined by quoted market prices. Changes in fair value are reflected in the statement of activities as gains or losses on investments. Investments are exposed to risks such as interest rate, credit and overall market volatility.

(f) Revenue Recognition

The Organization earns revenue as follows:

Contracts - Contracts revenue are earned and recognized by the Organization when units or services are provided and billed under various agreements funded primarily by governmental agencies. All contracts consist of two types, unit-rate and cost-reimbursement contracts, all with ceiling amounts. Unit-rate contracts provide that revenue is to be earned and recognized at a negotiated unit-of-service that is provided under the terms of the contract. Under the cost-reimbursement contracts, revenue recognition takes place as costs related to the services provided are incurred. Billings on the contracts are subject to final approval by the governmental Organization.

Contributions - Contributions are recorded upon receipt or pledge as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Special Events - Special event revenue is primarily derived from contributions collected and fees charged for admission at the Organization annual sponsored event. Special event contributions and the fees are recognized as income when received. The majority of special event revenue is derived from the Starfish Thrower Gala event. Gross revenue derived from this event totaled approximately \$290,375.

Deferred Revenue represents program service fees received prior to year-end for the following fiscal period. These amounts are recognized as income during the subsequent fiscal period.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2015, the Organization derived approximately 51% of its total revenue from governmental agencies, and 38% from foundations and individual donors. All revenue is recorded at the estimated net realizable amounts.

OPERATION A.B.L.E. OF GREATER BOSTON, INC.

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies – continued

(g) 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 accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2015, management has determined any allowance would be immaterial.

The Organization does not have a policy to accrue interest on receivables. As of June 30, 2015, 83% of the Organization's accounts receivable is due from the Commonwealth of Massachusetts, the remaining 17% is due from various foundations and corporations.

(h) Promises to Give

Unconditional promises to give are recognized as revenue and as assets, net of allowances, in the period in which the promises are made. Unconditional promises to give are recorded, in the year received, at the present value of estimated future cash flows using a risk-adjusted discount rate. Amortization of the discount is included in contribution revenue. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and when the promises become unconditional.

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collections trends that differ from scheduled collections on individual promises. As of June 30, 2015, management has determined any allowance would be immaterial.

(i) Fixed Assets

Fixed assets are recorded at cost or if donated, fair value on the date of receipt. Fixed assets with a value greater than \$1,000 and useful life greater than one year is capitalized. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

The Organization computes depreciation using the straight-line method for equipment over 3 – 5 year lives.

OPERATION A.B.L.E. OF GREATER BOSTON, INC.

Notes to the Financial Statements

June 30, 2015

(Continued)

(1) Summary of Significant Accounting Policies – continued

(j) Contributed Services and Gifts in Kind

Donated materials are reported as contributions in the financial statements at their estimated fair values at the time of receipt. Donated services are similarly reported when services are performed which would otherwise have been purchased or performed by Organization personnel.

(k) Fair Value Measurements

GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels used to measure fair value are as follows:

Level 1: Quoted prices for identical instruments traded in active markets.

Level 2: Observable inputs other than quoted prices included in Level 1. Assets and liabilities included in this level are valued using quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Recurring Measurements

In accordance with GAAP certain assets and liabilities are required to be recorded at fair value on a recurring basis. The Organization's assets that are adjusted to fair value on a recurring basis are investments in equity and debt securities classified as trading. The Organization currently has no liabilities that are adjusted to fair value on a recurring basis.

The fair values of investments in trading securities using quoted market prices from daily exchange traded markets were based on the closing price as of the Statement of Financial Position date and were classified as Level 1.

The following tables summarize assets measured at fair value on a recurring basis as of June 30, 2015.

OPERATION A.B.L.E. OF GREATER BOSTON, INC.

Notes to the Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies – continued

(k) Fair Value Measurements – continued

	Fair Value Measurements on a Recurring Basis			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$ 499,929	\$ -	\$ -	\$ 499,929
In kind contributions	<u>-</u>	<u>178,820</u>	<u>-</u>	<u>178,820</u>
	<u>\$ 499,929</u>	<u>\$ 178,820</u>	<u>\$ -</u>	<u>\$ 678,749</u>

Refer to Note 2 for additional information related to the composition of investments.

The Organization's policy is to recognize transfers in and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels during the year ended June 30, 2015.

Nonrecurring Measurements

In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Organization records assets and liabilities at fair value on a nonrecurring basis as required by GAAP. The Organization had no assets or liabilities measured at fair value on a nonrecurring basis as of June 30, 2015.

(l) Fundraising

Fundraising relates to the activities of raising general and specific contributions to the Organization and promoting special events. Fundraising expenses as a percentage of total contribution and special event revenue was 15% for the year ended June 30, 2015. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

(m) Special Events

The Organization has determined that special events are incidental to its operations and therefore the direct costs of benefit to the donors is reported with fundraising expense and is not included with special events revenue.

OPERATION A.B.L.E. OF GREATER BOSTON, INC.

Notes to the Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies – continued

(n) Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Payroll and associated costs are allocated to functions based upon actual time charges. Occupancy costs are allocated based upon associated square footage.

(o) Advertising Costs

The Organization expenses advertising costs when they are incurred. Advertising expense amounted to \$2,880 for the year ended June 30, 2015.

(p) Use of Estimates

In preparing the Organization's financial statements in conformity with GAAP, 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(q) Income Taxes

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and therefore is not subject to income tax. The Organization is not a private foundation under Section 509(a)(1). Certain unrelated business income, as defined in the IRC, is subject to federal income tax. For the year ended June 30, 2015, there was no liability for tax on unrelated business income.

GAAP prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended June 30, 2015, the Organization has determined that it has not taken any tax positions which would result in an uncertainty requiring recognition in the accompanying financial statements. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. There were no interest or penalties for the year ended June 30, 2015.

OPERATION A.B.L.E. OF GREATER BOSTON, INC.

Notes to the Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies – continued

(q) Income Taxes – continued

Generally, the Organization's information/tax returns remain open for possible federal income tax examination for three years after the filing date. The Organization is not currently under examination by any taxing jurisdiction.

(r) Summarized Financial Information for 2014

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, there is no presentation of statement of cash flows or statement of functional expenses for the year ended June 30, 2014. In addition, the financial statements do not include full financial statement disclosures for the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organizations' financial statements for the year ended June 30, 2014, from which the summarized information is derived.

(s) Reclassifications

Certain amounts in the prior year have been reclassified to conform to the current year presentation.

(2) Investments

All investments are classified as short-term. Investments are comprised of the following as of June 30, 2015:

	<u>Fair Value</u>
Equity securities	
Domestic	\$ 499,929
Total	<u>\$ 499,929</u>

Investment return consisted of the following for the year ended June 30, 2015:

Interest and dividends, net of management fees	\$ 5,036
Net realized and unrealized losses	<u>8,529</u>
Total investments return	\$ <u>13,565</u>

The marketable equity securities and corporate fixed income debt securities primarily consist of common stock bond, respectively, of companies traded on the New York Stock Exchange.

OPERATION A.B.L.E. OF GREATER BOSTON, INC.

Notes to the Financial Statements

June 30, 2015

(3) Contributed Services

Contributed services for the year ended June 30, 2015 were as follows:

Pro-bono outside services:	
Trainee supervision	<u>\$ 172,170</u>

(4) Board Restricted Net Assets

The Board of Directors (the Board) has established a fund to ensure long-term viability of the Organization. The Board has designated all income, dividends, and gains resulting from the fund to be reinvested until approved by the Board to be released. At June 30, 2015, board restricted assets are classified as investments and cash on the Statement of Financial Position. The funds' activity the year ended June 30, 2015 was as follows:

Beginning Balance 7/1/14	\$ 286,364
Addition	143,565
Releases	<u>50,000</u>
Ending Balance, June 30, 2015	\$ <u>379,929</u>

(5) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of June 30, 2015, temporarily restricted net assets are restricted for the following purposes:

Restricted for computer and office skills training programs	\$ 30,448
Restricted for equipment purchases	12,000
Time restricted	<u>1,375</u>
Total temporarily restricted net assets	\$ <u>43,823</u>

(6) Employee Benefits

(a) Defined Contribution Plan

The Organization has a defined contribution pension plan that qualifies as a tax-sheltered account under Section 403(b)(7) of the IRC for the benefit of eligible employees. Salaried employees with 1,000 hours or more of service during any consecutive 12-month period commencing with date of employment, or anniversary date, are eligible to participate in this plan. Under the plan, benefit eligible employees can invest pre-tax dollars. The employees are not taxed on contributions or earnings until they receive distributions from the account. The Organization's contributions under this plan amounted to \$7,327 for the year ended June 30, 2015.

OPERATION A.B.L.E. OF GREATER BOSTON, INC.

Notes to the Financial Statements

June 30, 2015

(6) Employee Benefits - continued

(b) Section 125 Plan

The Organization has a plan that qualifies as “Cafeteria Plans” under Section 125 of the IRC. The plan allows the Organization’s employees to pay for medical and dental insurance and transportation on a pre-tax basis. All employees whose customary employment is at least 28 hours per week are eligible to participate in the plans.

(7) Leases

The Organization has a seven year lease agreement for its main office facility that expires January 31, 2020 requiring monthly payments plus a prorata share of operating costs. In connection with that agreement, a refundable security deposit of \$20,833 remains on deposit. Included in occupancy expenses for the year ended June 30, 2015 is \$138,486 of lease related costs. As of June 30, 2015, future minimum lease payments under the Organization’s operating lease are as follows:

2016	\$ 142,500
2017	146,667
2018	156,667
2019	166,667
2020	100,625

(8) Commitments and Contingencies

The Organization receives a portion of its funding from government agencies. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed, if any, and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

The Organization’s operations are concentrated in the social service provider field. As such, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to the following:

United States Department of Labor
Commonwealth of Massachusetts Department of Elder Affairs

Such administrative directives, rules and regulations are subject to change by an act of Congress, act of the state and local legislature or an administrative change mandated by the United States Department or Commonwealth of Massachusetts Department listed above. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change. Additionally, contractual funding may decrease or be withdrawn with little notice.

OPERATION A.B.L.E. OF GREATER BOSTON, INC.

Notes to the Financial Statements

June 30, 2015

(9) Related Party Transactions

As of June 30, 2015, four board members were employed at companies that do business with the Organization. Their positions are separate from any activities involving the Organization.

(10) Schedule of Federal Awards

Determination of federal major programs was made using a risk based approach. For the fiscal year ended June 30, 2015, the Organization qualified as a low-risk auditee. The major program tested is disclosed as such in the schedule of findings and questioned costs.

(11) Subsequent Events

The Organization has performed an evaluation of subsequent events through [audit report date], which is the date the Organization's financial statements were available to be issued. No material subsequent event shave occurred since June 30, 2015 that required recognition or disclosure in these financial statements.

OPERATION A.B.L.E. OF GREATER BOSTON, INC.

Schedule of Findings and Questioned Costs

June 30, 2015

(1) Summary of Auditors' Results

Financial Statements:

Type of Auditors' Report Issued: Unqualified

Internal Control Over Financial Reporting:

Material Weakness(es) Identified? _____ yes X no

Significant Deficiency(ies) Identified? _____ yes X none reported

Noncompliance Material to Financial Statements Noted? _____ yes X no

Federal Awards:

Internal Control Over Major Programs:

Material Weakness(es) Identified? _____ yes X no

Significant Deficiency(ies) Identified? _____ yes X none reported

Type of Auditors' Report Issued on Compliance for Major Programs: Unqualified

Any Audit Findings Disclosed that are Required to be Reported in Accordance with Circular A-133, Section .510(a)? _____ yes X no

Identification of Major Programs:

CFDA Number

Name of Federal Program or Cluster

17.235

Senior Community Service Employment Program

Dollar Threshold Used to Distinguish Between Type A and Type B Programs: \$ 300,000

Auditee Qualified as Low-Risk Auditee? X yes _____ no

OPERATION A.B.L.E. OF GREATER BOSTON, INC.

Schedule of Findings and Questioned Costs

June 30, 2015

(2) Financial Statement Findings

No significant deficiencies or material weaknesses reported.

(3) Federal Award Findings and Questioned Costs

No significant deficiencies or material weaknesses reported.

(4) Status of Prior Year Findings

Item #2014-001 Failure to file Uniform Financial Report timely

Condition: The Organization did not submit its audit reporting packages for the year ended June 30, 2014 in a timely manner.

Current Status: Corrected



**Independent Auditors' Report on
Schedule of Expenditures of Federal Awards**

To the Board of Directors of
Operation A.B.L.E. of Greater Boston, Inc.

We have audited the financial statements of Operation A.B.L.E. of Greater Boston, Inc. (a nonprofit organization), (the Organization), as of and for the year ended June 30, 2015, and have issued our report thereon dated Month XX, 2015 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis 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 as a whole.

Month XX, 2015

OPERATION A.B.L.E of GREATER BOSTON, INC.

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Major Programs:			
U.S. Department of Labor:			
<i>Passed through Commonwealth of Massachusetts Office of Elder Affairs</i>			
Senior Community Service Employment Program	17.235	CT-ELD-SCEP00002006OPERATI	\$ 1,051,660
			<u>1,051,660</u>
Total Major Programs			\$ <u>1,051,660</u>
Non Major Programs:			
U.S. Department of Labor:			
<i>Passed through Economic Development and Industrial Corporation (EDIC)</i>			
WIA Title 1 Adult Program	17.258	121-14	\$ 3,750
WIA Dislocated Workers	17.278	123-14	7,500
			<u>11,250</u>
<i>Passed through North Shore Workforce Investment Board</i>			
WIA Dislocated Worker	17.278	123-14	6,000
			<u>6,000</u>
<i>Passed through South Shore Workforce Investment Board</i>			
WIA Dislocated Worker	17.278	123-14	5,000
			<u>5,000</u>
U.S. Department of Agriculture			
Food Stamp Employment and Training Program	10.551	N/A	48,565
			<u>48,565</u>
Total Non Major Programs			\$ <u>70,815</u>
Total Expenditures of Federal Awards			\$ <u>1,122,475</u>

Notes to the Schedule of Expenditures of Federal Awards

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Operation A.B.L.E of greater Boston, Inc. and is presented on the accrual basis. 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.