

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

Financial Statements

June 30, 2016



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

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June 30, 2016

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Independent Auditors' Report

To the Board of Directors
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 statement of financial position as of June 30, 2016, 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 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 the Organization as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 13, 2015. The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principles 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Supplemental and 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 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 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.

Nuniv P. Martini & Associates, P.C.

November 11, 2016



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, 2016, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 11, 2016.

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 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.



November 11, 2016



Independent Auditors' Report on Compliance for Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for 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 Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2016. 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 federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal program.

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



November 11, 2016

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

Statement of Financial Position

As of June 30, 2016

With Comparative Totals as of June 30, 2015

Current Assets	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 97,230	\$ 98,669
Investments	407,055	499,929
Government grant receivable	90,776	-
Accounts receivable	82,675	17,438
Pledges receivable	63,178	17,600
Prepaid expenses	19,146	23,777
Total current assets	<u>760,060</u>	<u>657,413</u>
Fixed Assets		
Equipment	197,119	197,119
Total fixed assets	197,119	197,119
Less: accumulated depreciation	<u>(190,363)</u>	<u>(183,355)</u>
Total net fixed assets	<u>6,756</u>	<u>13,764</u>
Other Assets		
Rental security deposit	20,833	20,833
Total other assets	<u>20,833</u>	<u>20,833</u>
Total Assets	<u><u>787,649</u></u>	<u><u>692,010</u></u>
Current Liabilities		
Accounts payable	13,686	2,493
Accrued expenses	13,344	8,799
Accrued and withheld payroll and taxes	74,374	29,413
Accrued vacation	21,356	17,080
Services fee advances	55,678	9,651
Total current liabilities	<u>178,438</u>	<u>67,436</u>
Net Assets		
Unrestricted	491,364	580,751
Temporarily restricted	117,847	43,823
Total net assets	<u>609,211</u>	<u>624,574</u>
Total Liabilities and Net Assets	<u><u>\$ 787,649</u></u>	<u><u>\$ 692,010</u></u>

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

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

Statement of Activities

For the Year Ended June 30, 2016
With Comparative Totals for the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
Revenue and Support				
Contributions				
Grants	\$ 174,765	\$ 207,345	\$ 382,110	\$ 579,847
In-kind contributions	177,157	-	177,157	178,820
Special events, less cost of direct benefits	196,292 <u>(105,395)</u>	- <u>-</u>	196,292 <u>(105,395)</u>	290,375 <u>(101,921)</u>
Total contribution and net revenue from special event	442,819	207,345	650,164	947,121
Service fees				
Contracts	1,668,130	-	1,668,130	1,306,733
Other services fees	97,448	-	97,448	19,733
Interest and dividend revenue	5,746	-	5,746	5,037
Net realized and unrealized gain on investments	(1,044)	-	(1,044)	8,529
Net assets released from restrictions	<u>133,321</u>	<u>(133,321)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>2,346,420</u>	<u>74,024</u>	<u>2,420,444</u>	<u>2,287,153</u>
Expenses				
<u>Program services</u>				
Training services	1,714,787	-	1,714,787	1,680,521
Employment services	143,516	-	143,516	83,724
Total program service	<u>1,858,303</u>		<u>1,858,303</u>	<u>1,764,245</u>
<u>Support Services</u>				
Management and general expenses	389,224	-	389,224	308,999
Fundraising	188,280	-	188,280	139,501
Total support services	<u>577,504</u>		<u>577,504</u>	<u>448,500</u>
Total expenses	<u>2,435,807</u>	<u>-</u>	<u>2,435,807</u>	<u>2,212,745</u>
Change in net assets	<u>(89,387)</u>	<u>74,024</u>	<u>(15,363)</u>	<u>74,408</u>
Total Change in Net Assets	(89,387)	74,024	(15,363)	74,408
Net Assets at Beginning of Year	<u>580,751</u>	<u>43,823</u>	<u>624,574</u>	<u>550,166</u>
Net Assets at End of Year	<u>\$ 491,364</u>	<u>\$ 117,847</u>	<u>\$ 609,211</u>	<u>\$ 624,574</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, 2016
With Comparative Totals for the Year Ended June 30, 2015

Cash Flows from Operating Activities	2016	2015
Change in net assets	\$ (15,363)	\$ 74,408
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	7,008	10,062
Net unrealized and realized gain on investments	1,044	(10,150)
Decrease (increase) in assets:		
Government grant receivable	(90,776)	15,595
Accounts receivable	(65,237)	(10,745)
Pledges receivable	(45,578)	97,240
Prepaid expenses	4,631	(3,647)
Increase (decrease) in liabilities:		
Accounts payable	11,193	(43,085)
Accrued expenses	4,545	(2,224)
Accrued and withheld payroll and taxes	44,961	(6,741)
Accrued vacation	4,276	1,390
Services fee advances	46,027	(10,816)
Net Cash (Used in) Provided by Operating Activities	(93,269)	111,287
Cash Flows from Investing Activities		
Purchase of property and equipment	-	(4,955)
Proceeds from the sale of investments	677,000	118,917
Purchase of investments	(585,170)	(322,332)
Net Cash Provided by (Used in) Investing Activities	91,830	(208,370)
Net Decrease in Cash and Cash Equivalents	(1,439)	(97,083)
Cash and Cash Equivalents - Beginning	98,669	195,752
Cash and Cash Equivalents - Ending	\$ 97,230	\$ 98,669

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

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

Statement of Functional Expenses

For the Year Ended June 30, 2016
With Comparative Totals for the Year Ended June 30, 2015

	Training Services	Employment Services	Total Program Services	General and Administrative	Fundraising	2016 Total	2015 Total
Functional Expenses							
Salaries							
Staff	\$ 384,957	\$ 83,224	\$ 468,181	\$ 229,444	\$ 103,467	\$ 801,092	\$ 698,144
Program Participants	832,144	-	832,144	-	-	832,144	753,560
Payroll taxes	94,682	6,490	101,172	18,487	9,019	128,678	131,522
Fringe benefits	45,210	6,607	51,817	22,268	12,037	86,122	96,195
Subtotal	<u>1,356,993</u>	<u>96,321</u>	<u>1,453,314</u>	<u>270,199</u>	<u>124,523</u>	<u>1,848,036</u>	<u>1,679,421</u>
Advertising	1,508	135	1,643	-	3,000	4,643	2,880
Bank and credit card charges	-	21	21	3,994	-	4,015	6,414
Consultants	61,210	22,872	84,082	-	38,359	122,441	83,995
Depreciation	4,555	562	5,117	1,406	485	7,008	10,062
Dues and subscriptions	113	-	113	3,180	-	3,293	2,507
In-kind services	161,782	-	161,782	-	-	161,782	172,170
Insurance	3,863	775	4,638	1,445	394	6,477	5,412
Meeting	835	180	1,015	3,120	1,500	5,635	2,549
Miscellaneous	-	-	-	-	-	-	1,013
Office supplies	13,555	1,819	15,374	1,882	3,506	20,762	34,429
Occupancy	76,610	12,341	88,951	83,579	5,588	178,118	138,486
Payroll processing fees	6,803	116	6,919	318	63	7,300	7,606
Postage	584	91	675	1,339	4,275	6,289	4,065
Printing	2,213	166	2,379	239	5,732	8,350	6,541
Professional fees	-	-	-	12,700	-	12,700	12,092
Repairs and maintenance	855	372	1,227	777	124	2,128	1,020
Telephone	6,373	1,302	7,675	4,466	731	12,872	12,648
Training	178	-	178	-	-	178	8,328
Travel and transportation	6,417	-	6,417	330	-	6,747	14,707
Website design and maintenance	10,340	6,443	16,783	250	-	17,033	6,400
Total Functional Expenses	<u>\$ 1,714,787</u>	<u>\$ 143,516</u>	<u>\$ 1,858,303</u>	<u>\$ 389,224</u>	<u>\$ 188,280</u>	<u>\$ 2,435,807</u>	<u>\$ 2,212,745</u>

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

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

Notes to Financial Statements

June 30, 2016

(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 (U.S. 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 a 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 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 FY16 to provide computer skills training to companies that pay into the unemployment (the Workforce Training Fund program), to continue its Medical Office and Healthcare Program under the Neighborhood Jobs Trust grant, and to create an Open Entry, Open Exit Training Program, funded by the Community Development Block Grant program. In FY16, the Organization was also awarded two very important multi-year awards, including a grant from the Commonwealth of Massachusetts for 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 per year.

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

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.

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

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies - continued

(a) Nature of Activities - continued

Skills2Work

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

ABLE AgeWorks

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.

ABLE Beginnings

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.

ABLE Job Resource Center

The center provides a no-cost program available to residents of Boston Neighborhoods who already have a working knowledge of technology, but want to brush up on their existing skills. Computer training is open entry/open exit, meaning a participant can call up for an appointment when convenient, come in and receive appropriate available services, and leave when done.

(b) Basis of Presentation

The statement of activities reports all changes in net assets, including changes in unrestricted net assets from operating activities. Operating revenues consist of those monies received and other contributions attributable to the Organization's ongoing efforts.

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

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies - continued

(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 (unrestricted, temporarily restricted and permanently restricted) 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. Contributions, gains and investment income that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the reporting period in which the contributions are recognized.

(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 a financial institution 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, 2016.

(e) Investments

The Organization carries investments at fair value. Interest and dividends are recorded when earned. Gains and losses are recognized as incurred or based on fair value changes during the period. Investments are exposed to risks such as interest rate, credit and overall market volatility.

The Organization invests cash in excess of its immediate needs in money market funds, which are reported as short term investments. The money market funds are managed to maintain a net asset value per share of \$1.00, and are reported at the net asset value, which closely approximates fair value.

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

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies - continued

(f) Revenue Recognition

The Organization earns revenue as follows:

Contracts - Contract revenue is 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 cost-reimbursement contracts, all with ceiling amounts. 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 revenue is recognized when earned and is shown net of related direct expenses in the accompanying statement of activities.

Program Service Fees - Program service fee revenue is earned and recognized by the Organization when units or services are provided.

Deferred revenue represents program service fee income received prior to year-end. These amounts are deferred and recognized over the periods to which the fees relate.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2016, the Organization derived approximately 69% of its total revenue from governmental agencies, and 31% from foundations and individual donors. All revenue is recorded at the estimated net realizable amounts.

(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 an allowance for doubtful accounts based on a history of past write-offs and collections and current credit conditions. As of June 30, 2016, management has determined any allowance would be immaterial.

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

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies - continued

(g) Accounts Receivable – continued

The Organization does not have a policy to accrue interest on receivables.

As of June 30, 2016, 40% of the Organization's accounts receivable is due from the Commonwealth of Massachusetts, 33% from other agencies and the remaining 27% is due from various foundations and corporations.

(h) Contributions Receivable

Conditional contributions are not recognized in the financial statements until the conditions are substantially met. Unconditional contributions that are expected to be collected within one year are recorded at net realizable value. Unconditional contributions that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue. In the absence of donor stipulations to the contrary, contributions with payments due in future periods are restricted to use after the due date.

Unconditional contributions 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, 2016, 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 are 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 Financial Statements

June 30, 2016

(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) 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 25% for the year ended June 30, 2016. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis

(l) Special Events

Special event revenue is primarily derived from contributions collected and fees charged for admission at various sponsored events. Special events revenue is recognized when earned and is shown net of related direct expenses. For the year ended June 30, 2016, special event revenue, net of the cost of direct benefit of \$105,395, was \$90,897 and is included with contributions on the accompanying statement of activities.

(m) Fair Value Measurements

U.S. 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: Significant inputs to the valuation model are unobservable.

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

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies - continued

(m) Fair Value Measurements - continued

Recurring Fair Value 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. The Agency currently has no liabilities that are adjusted to fair value on a recurring basis.

Investments in Debt and Equity Securities: The fair values of investments in debt and equity securities using quoted prices from daily exchange markets were based on the closing prices as of the statement of financial position date and were classified as Level 1. See Note 2 for the composition of investments.

Non-recurring 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 non-recurring basis as required by GAAP. The Organization had no assets or liabilities measured at fair value on a non-recurring basis as of June 30, 2016.

(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) Use of Estimates

In preparing the Organization's financial statements in conformity with U.S. 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.

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

Notes to Financial Statements

June 30, 2016

(1) Summary of Significant Accounting Policies - continued

(p) Income Taxes

The Organization qualifies as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally not subject to income tax. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization is not a private foundation under Section 509(a)(1).

(q) Designation of Unrestricted Net Assets

It is the policy of the Board of Directors of the Agency to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing of such improvements and acquisitions.

(r) Reclassifications

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

(s) Summarized Financial Information for 2015

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, there is no presentation of the statement of functional expenses for the year ended June 30, 2015. 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, from which the summarized information is derived.

(2) Investments

Investments are valued at fair value using level 1 inputs, unadjusted quoted prices in active markets, and are comprised of the following as of June 30, 2016:

	<u>Fair Value</u>
Equity securities	
Fidelity Government Money Market	\$ 135,126
Mutual Funds (Domestic)	203,807
Mutual Funds (Foreign)	2,625
Bond Funds (Domestic)	64,072
Other Equity Securities (Domestic)	<u>1,425</u>
Total	\$ <u>407,055</u>

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

Notes to Financial Statements

June 30, 2016

(2) Investments - continued

Investment returns consisted of the following for the year ended June 30, 2016:

Interest and dividends, net of management fees	\$ 5,746
Net realized and unrealized losses	<u>(1,044)</u>
Total investment returns	\$ <u>4,702</u>

(3) Contributed Services

Contributed services for the year ended June 30, 2016 were as follows:

Pro-bono outside services:	
Trainee supervision	\$ 161,783
Donated items for auction	<u>15,374</u>
Total contributed goods and services	\$ <u>177,157</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 investment fund to be reinvested until approved by the Board to be released. At June 30, 2016, board restricted assets are classified as investments and cash on the statement of financial position. The fund's activity the year ended June 30, 2016 was as follows:

Beginning Balance June 30, 2015	\$ 379,929
Addition	59,366
Releases	<u>(57,239)</u>
Ending Balance, June 30, 2016	\$ <u>382,056</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, 2016, temporarily restricted net assets are restricted for the following purposes:

Computer and office skills training programs	\$ 101,666
Equipment purchases	6,336
Time restriction - program	<u>9,845</u>
Total	\$ <u>117,847</u>

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

Notes to Financial Statements

June 30, 2016

(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 \$18,518 for the year ended June 30, 2016.

(b) Section 125 Plan

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 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 plan.

(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, 2016 is \$142,500 of lease related costs. As of June 30, 2016, future minimum lease payments under the Organization's operating lease are as follows:

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.

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

Notes to Financial Statements

June 30, 2016

(8) Commitments and Contingencies - continued

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.

(9) Related Party Transactions

During the year ended June 30, 2016, three board members were employed at companies that conduct business with the Organization. Their employed positions were separate from any activities involving the Organization which in the opinion of management are not significant.

(10) Schedule of Federal Awards

Determination of federal major programs was made using a risk based approach. For the fiscal year ended June 30, 2016, the Organization did not qualify 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 November 11, 2016 which is the date the Organization's financial statements were available to be issued. No material subsequent events, other than noted below, have occurred since June 30, 2016 that required recognition or disclosure in these financial statements.

Subsequent to year end, the Organization received a cash grant award from Department of Labor, SCSEP for approximately of \$7,500,000 for the grant period from February 1, 2017 to June 30, 2018.

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

Schedule of Findings and Questioned Costs

June 30, 2016

(1) Summary of Auditors' Results

Financial Statements:

Type of Auditors' Report Issued: Unmodified

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: Unmodified

Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR Section 200.516(a)? _____ yes X no

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.235	Senior Community Service Employment Program

Dollar Threshold Used to Distinguish Between Type A and Type B Programs: \$ 750,000

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

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

Schedule of Findings and Questioned Costs - continued

June 30, 2016

(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

No significant deficiencies or material weaknesses reported.

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

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
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-SCEP00002016OPERATI	\$ -	\$ 1,112,593
<i>Passed through Economic Development and Industrial Corporation (EDIC)</i>				
WIA/WIOA Dislocated Worker Formula Grants	17.278	123-16	-	62,139
<i>Passed through Metro South-West Employment and Training Admin.</i>				
WIA/WIOA Dislocated Worker Formula Grants	17.258	1A-006	-	5,000
<i>Passed through Metro South-West Employment and Training Admin.</i>				
WIA/WIOA Dislocated Worker Formula Grants	17.278	DW-066	-	3,889
<i>Passed through Economic Development and Industrial Corporation (EDIC)</i>				
WIA/WIOA Adult Program	17.258	123-15	-	27,778
Cluster total			<u>-</u>	<u>98,806</u>
<i>Passed through North Shore Workforce Investment Board</i>				
WIA Dislocated Worker	17.207	03002845-00	-	13,889
			<u>-</u>	<u>1,225,288</u>
U.S. Department of Housing and Urban Development:				
<i>Passed through Economic Development and Industrial Corporation (EDIC)</i>				
Community Development Block Grants/Entitlement Grants	14.218	52940	-	50,000
			<u>-</u>	<u>50,000</u>
U.S. Department of Agriculture:				
Supplemental Nutrition Assistance Program	10.551	N/A	-	91,285
			<u>-</u>	<u>91,285</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,366,573</u>

Notes to the Schedule of Expenditures of Federal Awards

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Operation A.B.L.E of Greater Boston, Inc. under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Operation A.B.L.E of Greater Boston, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Operation A.B.L.E of Greater Boston, Inc.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Operation A.B.L.E. of Greater Boston, Inc., has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.