



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

Financial Statements

June 30, 2017



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Kevin P. Martin & Associates, P.C.

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

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June 30, 2017

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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, 2017, 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, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2016. 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, 2016, 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.

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

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2017, 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.

Handwritten signature of Kevin P. Martini, with "Chute-PC." written below it.

November 14, 2017



**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  
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, 2017, 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 November 14, 2017.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

## **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*.

## **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.

*Nevin P. Martini & Associates, P.C.*

November 14, 2017



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

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

**Report on Compliance for the 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, 2017. 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 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 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 the Major Program***

The Organization complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

### **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.

### **Purpose of this Report**

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.



Namin P. Martinez & Associates, P.C.

November 14, 2017

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

## Statement of Financial Position

As of June 30, 2017

With Comparative Totals as of June 30, 2016

<b>Current Assets</b>	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 75,600	\$ 97,230
Investments	441,203	407,055
Government grant receivable	249,875	90,776
Accounts receivable	66,675	82,675
Pledges receivable	24,175	63,178
Prepaid expenses	<u>37,103</u>	<u>19,146</u>
Total current assets	<u>894,631</u>	<u>760,060</u>
<b>Fixed Assets</b>		
Equipment	<u>215,651</u>	<u>197,119</u>
Total fixed assets	215,651	197,119
Less: accumulated depreciation	<u>(197,295)</u>	<u>(190,363)</u>
Total net fixed assets	<u>18,356</u>	<u>6,756</u>
<b>Other Assets</b>		
Rental security deposit	<u>25,131</u>	<u>20,833</u>
<b>Total Assets</b>	<u><u>938,118</u></u>	<u><u>787,649</u></u>
<b>Current Liabilities</b>		
Accounts payable	51,755	13,686
Accrued expenses	14,644	13,344
Accrued and withheld payroll and taxes	221,791	74,374
Accrued vacation	29,825	21,356
Services fee advances	<u>13,056</u>	<u>55,678</u>
Total current liabilities	<u>331,071</u>	<u>178,438</u>
<b>Net Assets</b>		
Unrestricted	509,547	491,364
Temporarily restricted	<u>97,500</u>	<u>117,847</u>
Total net assets	<u>607,047</u>	<u>609,211</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 938,118</u></u>	<u><u>\$ 787,649</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, 2017  
With Comparative Totals for the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
<b>Revenue and Support</b>				
Contributions				
Grants	\$ 129,952	\$ 155,000	\$ 284,952	\$ 382,109
In-kind contributions	446,270	-	446,270	177,157
Special events,	222,643	-	222,643	196,292
less cost of direct benefits	<u>(83,626)</u>	<u>-</u>	<u>(83,626)</u>	<u>(105,395)</u>
 Total contribution and net revenue from special event	 715,239	 155,000	 870,239	 650,163
 Service fees				
Contracts	3,371,470	-	3,371,470	1,668,130
Other services fees	193,691	-	193,691	97,448
Interest and dividend revenue	5,524	-	5,524	5,747
Net realized and unrealized gain on investments	32,782	-	32,782	(1,044)
Net assets released from restrictions	<u>175,347</u>	<u>(175,347)</u>	<u>-</u>	<u>-</u>
 Total revenue and support	 <u>4,494,053</u>	 <u>(20,347)</u>	 <u>4,473,706</u>	 <u>2,420,444</u>
<b>Expenses</b>				
<b><u>Program services</u></b>				
Training services	3,813,481	-	3,813,481	1,714,787
Employment services	141,249	-	141,249	143,516
Total program service	<u>3,954,730</u>	<u>-</u>	<u>3,954,730</u>	<u>1,858,303</u>
<b><u>Support Services</u></b>				
Management and general expenses	352,978	-	352,978	389,224
Fundraising	168,162	-	168,162	188,280
Total support services	<u>521,140</u>	<u>-</u>	<u>521,140</u>	<u>577,504</u>
 Total expenses	 <u>4,475,870</u>	 <u>-</u>	 <u>4,475,870</u>	 <u>2,435,807</u>
 Change in net assets	 <u>18,183</u>	 <u>(20,347)</u>	 <u>(2,164)</u>	 <u>(15,363)</u>
 <b>Total Change in Net Assets</b>	 18,183	 (20,347)	 (2,164)	 (15,363)
 <b>Net Assets at Beginning of Year</b>	 <u>491,364</u>	 <u>117,847</u>	 <u>609,211</u>	 <u>624,574</u>
 <b>Net Assets at End of Year</b>	 <u>\$ 509,547</u>	 <u>\$ 97,500</u>	 <u>\$ 607,047</u>	 <u>\$ 609,211</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, 2017  
With Comparative Totals for the Year Ended June 30, 2016

<b>Cash Flows from Operating Activities</b>	<u>2017</u>	<u>2016</u>
<b>Change in net assets</b>	\$ (2,164)	\$ (15,363)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,932	7,008
Net unrealized and realized gain on investments	(32,782)	1,044
Decrease (increase) in assets:		
Government grant receivable	(159,099)	(90,776)
Accounts receivable	16,000	(65,237)
Pledges receivable	39,003	(45,578)
Prepaid expenses	(17,957)	4,631
Increase (decrease) in liabilities:		
Accounts payable	38,069	11,193
Accrued expenses	1,300	4,545
Accrued and withheld payroll and taxes	147,417	44,961
Accrued vacation	8,469	4,276
Services fee advances	<u>(42,622)</u>	<u>46,027</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>2,566</u>	<u>(93,269)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(18,532)	-
Proceeds from the sale of investments	25,000	677,000
Purchase of investments	(767,313)	(585,170)
Other investing activities	<u>736,649</u>	<u>-</u>
<b>Net Cash (Used in) Provided by Investing Activities</b>	<u>(24,196)</u>	<u>91,830</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(21,630)	(1,439)
<b>Cash and Cash Equivalents - Beginning</b>	<u>97,230</u>	<u>98,669</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 75,600</u>	<u>\$ 97,230</u>

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, 2017

With Comparative Totals for the Year Ended June 30, 2016

	Training Services	Employment Services	Total Program Services	General and Administrative	Fundraising	2017 Total	2016 Total
<b>Functional Expenses</b>							
Salaries							
Staff	\$ 687,852	\$ 76,334	\$ 764,186	\$ 198,660	\$ 106,929	\$ 1,069,775	\$ 801,092
Program Participants	2,104,564	-	2,104,564	-	-	2,104,564	832,144
Payroll taxes	259,627	9,487	269,114	25,387	12,300	306,801	128,678
Fringe benefits	71,246	4,172	75,418	14,666	11,477	101,561	86,122
Subtotal	<u>3,123,289</u>	<u>89,993</u>	<u>3,213,282</u>	<u>238,713</u>	<u>130,706</u>	<u>3,582,701</u>	<u>1,848,036</u>
Advertising	864	1,578	2,442	8,724	-	11,166	4,643
Bank and credit card charges	28	-	28	5,449	-	5,477	4,015
Consultants	28,149	28,022	56,171	-	25,752	81,923	122,441
Depreciation	5,063	577	5,640	785	507	6,932	7,008
Dues and subscriptions	50	-	50	3,265	444	3,759	3,293
In-kind services	443,710	-	443,710	-	-	443,710	161,782
Insurance	5,922	934	6,856	905	456	8,217	6,477
Meeting	1,908	117	2,025	6,374	16	8,415	5,635
Miscellaneous	1,724	-	1,724	586	109	2,419	(3,267)
Office supplies	32,459	1,209	33,668	5,751	1,458	40,877	24,029
Occupancy	105,605	12,905	118,510	59,612	5,506	183,628	178,118
Payroll processing fees	12,808	145	12,953	309	50	13,312	7,300
Postage	2,728	-	2,728	757	2,711	6,196	6,289
Printing	15	75	90	416	-	506	8,350
Professional fees	-	-	-	14,695	-	14,695	12,700
Repairs and maintenance	852	49	901	2,271	52	3,224	2,128
Telephone	14,256	717	14,973	2,581	395	17,949	12,872
Training	275	-	275	-	-	275	178
Travel and transportation	19,435	1,846	21,281	1,785	-	23,066	6,747
Website design and maintenance	14,341	3,082	17,423	-	-	17,423	17,033
<b>Total Functional Expenses</b>	<u>\$ 3,813,481</u>	<u>\$ 141,249</u>	<u>\$ 3,954,730</u>	<u>\$ 352,978</u>	<u>\$ 168,162</u>	<u>\$ 4,475,870</u>	<u>\$ 2,435,807</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, 2017

### (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 not-for-profit organization incorporated in 1982 in Boston, Massachusetts. The mission of the Organization has not changed in its 35-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 donations, 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 FY17 to continue its Medical Office and Healthcare Training Program under the Neighborhood Jobs Trust grant, and to continue its ABLE Job Resource Center, an open entry, open exit training program, funded by the Community Development Block Grant program. In FY17, the Organization’s grant from the Commonwealth of Massachusetts was renewed for the continuance of the U.S. Department of Labor’s Senior Community Service Employment Program (SCSEP) for low income Massachusetts job seekers 55 years and older valued at more than \$1 million per year.

In addition, the Organization was awarded a multi-year award directly from the U.S. Department of Labor to continue providing SCSEP employment services to mature seekers in Massachusetts and New Hampshire, representing a five-fold increase of its SCSEP.

The Organization’s services are provided to the residents of The Greater Boston Area. 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, 2017

## (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, 2017

### (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, 2017.

#### (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, 2017

### (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.

Donated Services - Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Organization.

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, 2017, the Organization derived approximately 75% of its total revenue from governmental agencies, and 25% 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, 2017, management has determined any allowance would be immaterial.

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

## Notes to Financial Statements

June 30, 2017

### (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, 2017, 73% of the Organization's accounts receivable is due from the governmental agencies, 24% from other agencies and the remaining 3% 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, 2017, 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, 2017

### (1) Summary of Significant Accounting Policies - continued

#### (j) *Fundraising*

Fundraising relates to the activities of raising general and specific contributions to the Organization and promoting special events. The Organization also includes governmental grants, including the SCSEP grant, to be a fundraising activity. Fundraising expenses as a percentage of total contribution, special event revenue and governmental grant revenue was 4% for the year ended June 30, 2017. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

#### (k) *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, 2017, special event revenue, net of the cost of direct benefit of \$83,626, was \$139,017.

#### (l) *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.

#### *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 Organization 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.

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

## Notes to Financial Statements

June 30, 2017

### **(1) Summary of Significant Accounting Policies - continued**

#### ***(l) Fair Value Measurements - continued***

##### **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, 2017.

#### ***(m) 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.

#### ***(n) Advertising Costs***

The Organization expenses advertising costs when they are incurred. Advertising expense amounted to \$11,166 for the year ended June 30, 2017.

#### ***(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.

#### ***(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).

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

## Notes to Financial Statements

June 30, 2017

### (1) Summary of Significant Accounting Policies - continued

#### (q) Designation of Unrestricted Net Assets

It is the policy of the Board of Directors of the Organization 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) Summarized Financial Information for 2016

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Also, the financial statements do not include a full presentation of the statement of functional expenses, as certain prior year summarized comparative information is presented in total but not by functional classification. 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 Organization's financial statements for the year ended June 30, 2016, from which the summarized information was 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, 2017:

	<u>Fair Value</u>
Equity securities	
Fidelity Government Money Market	\$ 153,636
Mutual Funds (Domestic)	213,908
Mutual Funds (Foreign)	3,369
Bond Funds (Domestic)	68,794
Other Equity Securities (Domestic)	<u>1,496</u>
Total	\$ <u>441,203</u>

Investment returns consisted of the following for the year ended June 30, 2017:

Interest and dividends, net of management fees	\$ 5,524
Net realized and unrealized gains	<u>32,782</u>
Total investment returns	\$ <u>38,306</u>

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

### Notes to Financial Statements

June 30, 2017

#### (3) Donated Services

Donated services for the year ended June 30, 2017 consisted of pro-bono outside services provided in connection to trainee supervision.

#### (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, 2017, board restricted assets are classified as investments and cash on the statement of financial position. The fund's activity the year ended June 30, 2017 was as follows:

Beginning Balance June 30, 2016	\$ 382,056
Addition	45,596
Releases	<u>(29,758)</u>
Ending Balance, June 30, 2017	\$ <u>397,894</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, 2017, temporarily restricted net assets are restricted for office skills training programs.

#### (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 internal revenue code 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 \$17,141 for the year ended June 30, 2017.

##### *(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.

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

### Notes to Financial Statements

June 30, 2017

#### (7) Leases

The Organization has a seven-year lease agreement for its main office facility that expires January 31, 2022 requiring monthly payments plus a prorata share of operating costs. In connection with that agreement, a refundable security deposit of \$23,861 remains on deposit. Included in occupancy expenses for the year ended June 30, 2017 is \$158,605 of lease related costs. As of June 30, 2017, future minimum lease payments under the Organization's operating lease are as follows:

2018	\$ 196,799
2019	188,252
2020	26,495
2021	26,495
2022	15,455

#### (8) Commitments and Contingencies

The Organization receives a portion of its funding from governmental 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.

The Organization is a respondent in discrimination claims pending at the Massachusetts Commission Against Discrimination and the ultimate liability, if any, is presently uncertain. Management intends to vigorously defend these allegations. The accompanying financial statements do not include any adjustments that might be necessary should the case result in an unfavorable outcome.

#### (9) Related Party Transactions

During the year ended June 30, 2017, 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.

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

### Notes to Financial Statements

June 30, 2017

#### **(10) Insurance Proceeds**

During the year ended June 30, 2017, the Organization experienced property damage caused by a fire suppression system. Property damages suffered by, and that was the responsibility of the Organization, was limited to certain computer server equipment and the cleaning of furniture and fixtures. During the year ended June 30, 2017, the Organization received insurance proceeds of \$13,033, net of a \$1,000 deductible, under the replacement costs coverage provision of its insurance policy. Insurance proceeds are included in other services fees on the statement of activities.

#### **(11) Schedule of Federal Awards**

Determination of federal major programs was made using a risk based approach. For the fiscal year ended June 30, 2017, 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.

#### **(12) Subsequent Events**

The Organization has performed an evaluation of subsequent events through November 14, 2017 which is the date the Organization's financial statements were available to be issued. No material subsequent events, have occurred since June 30, 2017 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, 2017

**(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:

<b><u>CFDA Number</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
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, 2017

**(2) Financial Statement Findings**

No significant deficiencies or material weaknesses reported.

**(3) Findings and Questioned Costs - Major Federal Programs Audit**

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, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
<b>U.S. Department of Labor:</b>				
Senior Community Service Employment Program	17.235	N/A	\$	\$ 1,840,510
<i>Passed through Commonwealth of Massachusetts Office of Elder Affairs</i>				
Senior Community Service Employment Program	17.235	CT-ELD- SCSEP00002016	-	1,137,068
			-	2,977,578
<i>Passed through Economic Development and Industrial Corporation (EDIC)</i>				
WIA/WIOA Dislocated Worker Formula Grants	17.278	121-17	-	35,000
<i>Passed through Metro South-West Employment and Training Admin.</i>				
WIA/WIOA Dislocated Worker Formula Grants	17.278	123-17	-	22,750
			-	57,750
<i>Passed through North Shore Workforce Investment Board</i>				
WIA Dislocated Worker	17.207	4001443-00	-	7,500
<b>Total U.S. Department of Labor</b>			-	<b>3,042,828</b>
<b>U.S. Department of Housing and Urban Development:</b>				
<i>Passed through Economic Development and Industrial Corporation (EDIC)</i>				
Community Development Block Grants/Entitlement Grants	14.218	43028	-	50,000
<b>Total U.S. Department of Housing and Urban Development</b>			-	<b>50,000</b>
<b>U.S. Department of Agriculture:</b>				
Supplemental Nutrition Assistance Program	10.551	N/A	-	116,055
<b>Total U.S. Department of Agriculture</b>			-	<b>116,055</b>
<b>Total Expenditures of Federal Awards</b>			\$	\$ <b>3,208,883</b>

**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, 2017. 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.

See independent auditors' report.