



**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Independent Auditors' Reports as Required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and *Government Auditing Standards* and Related Information

Year Ended August 31, 2019

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Independent Auditors' Reports as Required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and *Government Auditing Standards* and Related Information

Year ended August 31, 2019

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

The Board of Directors  
Action for Boston Community Development, Inc.:

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

We have audited Action for Boston Community Development, Inc. and subsidiaries' (the Organization's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended August 31, 2019. The Organization's major federal programs are 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 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 each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 each 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 each of its major federal programs for the year ended August 31, 2019.

### **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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in



accordance with 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a significant deficiency.

The Organization's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The Organization's response and corrective action plan were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response or the corrective action plan.

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.

KPMG LLP

December 17, 2019



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## **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**

The Board of Directors  
Action for Boston Community Development, 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 consolidated financial statements of Action for Boston Community Development, Inc. and subsidiaries (the Organization), which comprise the consolidated statement of financial position as of August 31, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 17, 2019. Our report includes an emphasis of matter paragraph related to the Organization's implementation of Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated 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 consolidated 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 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 consolidated 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.

KPMG LLP

December 17, 2019

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Schedule of Findings and Questioned Costs

Year ended August 31, 2019

**(1) Summary of Auditors' Results**

- (a) Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
  - Material weaknesses: **No**
  - Significant deficiencies: **None Reported**
- (c) Noncompliance material to the financial statements: **No**
- (d) Internal control deficiencies over major programs disclosed by the audit:
  - Material weaknesses: **No**
  - Significant deficiencies: **Yes**
- (e) Type of report issued on compliance for major programs: **Unmodified**
- (f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **Yes**
- (g) Major programs:
  - Community Service Block Grant (CSBG) – 93.569
  - Low-Income Home Energy Assistance (LIHEAP) – 93.568
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Auditee qualified as a low-risk auditee: **Yes**

**(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards***

None

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Schedule of Findings and Questioned Costs

Year ended August 31, 2019

**(3) Findings and Questioned Costs Relating to Federal Awards**

**Finding Number:** 2019-001

**Federal Agency:** U.S. Department of Health and Human Services

**Pass-through Agency:** Massachusetts Department of Housing and Community Development

**Program:** Community Services Block Grant

**CFDA#:** 93.569

**Award numbers:** SCOCD4200186BG01000; SCOCD42001960BG0100

**Award Years:** October 1, 2017 to September 30, 2018 and October 1, 2018 to September 30, 2019

**Finding:** Internal Control over Subrecipient Monitoring

**Prior Year Finding:** No

*Criteria*

2 CFR section 200.331(a) indicates that all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification:

(1) Federal Award Identification.

- Subrecipient's name (which must match registered name in DUNS);
- Subrecipient's DUNS number (see § 200.32 Data Universal Numbering System (DUNS) number);
- Federal Award Identification Number (FAIN);
- Federal award date;
- Subaward Period of Performance Start and End Date;
- Amount of Federal Funds Obligated by this action;
- Total Amount of Federal Funds Obligated to the subrecipient;
- Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
- Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
- Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the pass-through entity;
- CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;
- Identification of whether the award is R&D; and
- Indirect cost rate for the Federal award (including if the de minimis rate is charged per § 200.414 Indirect (F&A) costs).

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Schedule of Findings and Questioned Costs

Year ended August 31, 2019

- (2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.
- (3) Any additional requirements that the pass-through entity imposes on the subrecipient in order for the passthrough entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;
- (4) An approved Federally recognized indirect cost rate negotiated between the subrecipient and the Federal government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part), or a de minimis indirect cost rate as defined in § 200.414 Indirect (F&A) costs, paragraph (b) of this part.
- (5) A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the passthrough entity to meet the requirements of this section, §§ 200.300 Statutory and national policy requirements through 200.309 Period of performance, and Subpart F – Audit Requirements of this part; and
- (6) Appropriate terms and conditions concerning closeout of the subaward.

Also, according to 2 CFR 200.331(b), a pass-through entity must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring, which may include consideration of such factors as:

- The subrecipient's prior experience with the same or similar subawards;
- The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F – Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;
- Whether the subrecipient has new personnel or new or substantially changed systems; and
- The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

*Condition*

Based on a review of the CSBG Delegate Agreement (the Agreement) between Action for Boston Community Development, Inc. and subsidiaries' (the Organization) and its subrecipients, it was noted that such documents did not contain all of the required elements of 2 CFR Section 200.331(a) listed above. The Agreements did not contain the subrecipient's DUNs number.

Additionally, although a review process is in place, the Organization was unable to provide documentation showing that a formal review had been performed over their subrecipients risk evaluation.

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Schedule of Findings and Questioned Costs

Year ended August 31, 2019

*Cause*

The observation related to subrecipient award letters appears to be due to the Agreement being a standard template which did not include all of the required elements of 2CFR Section 200.331(a). The observation related to subrecipient risk evaluations appears to be due to current policies not requiring formal documentation of the assessment of risk among its subrecipients used to develop the nature and extent of monitoring procedures.

*Effect*

The Organization is not in compliance with the requirements related to subrecipient notification and documentation of subrecipient risk assessments for purposes of determining appropriate subrecipient monitoring.

*Whether Sampling was Statistically Valid*

The sample was not intended to be, and was not, a statistically valid sample.

**Questioned Cost:**

None

**Recommendation:**

We recommend that the Organization execute an updated Agreement with its subrecipients that expressly includes all information described in 2 CFR section 200.331(a)(1) as required by the Uniform Guidance.

Additionally, we recommend that the Organization enhance its policies to ensure that each subrecipient's evaluation and review is formally documented.

**View of Responsible Officials from the Auditee**

The Organization has updated its agreements with the three subrecipients to include each of their DUNS numbers so that the agreement now contains all the information as required by 2 CFR section 200.331(a) of the Uniform Guidance.

Additionally, monitoring activities are documented through the submission of the annual work plan, annual budget, site visit and site visit report, six-month and twelve month work plan outcome reports, annual report, audited financial report and so on. The Director of Field Operations is responsible for the oversight of the CSBG program and monitoring of the subrecipients.

While the subrecipients of the program were monitored and all of the necessary documentation obtained, the organization did not utilize a tracking mechanism to show when all of the materials were received and reviewed. A tracking form has been created so that the monitoring process is formally documented for each of the three subrecipients in accordance with 2 CFR section 200.331(b) of the Uniform Guidance.

The corrective action plan has been completed.



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## Independent Auditors' Report

The Board of Directors  
Action for Boston Community Development, Inc.:

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Action for Boston Community Development, Inc. and subsidiaries (the Organization), which comprise the consolidated statements of financial position as of August 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of August 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



### *Emphasis of Matter*

As discussed in note 1(n) to the consolidated financial statements, in 2019 the Organization adopted Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

### *Other Matters*

The accompanying supplementary information included in Schedules I and II is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in Schedules I and II is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated 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 December 17, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's 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.

**KPMG LLP**

December 17, 2019

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Consolidated Statements of Financial Position

August 31, 2019 and 2018

<b>Assets</b>	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	\$ 11,334,225	8,794,279
Cash held for others (note 9)	72,449	141,689
Accounts receivable (note 10)	19,720,272	21,022,784
Prepaid assets	798,143	845,055
Other assets	366,385	358,885
Investments (note 3)	15,928,569	15,253,914
Property, plant, and equipment, net (note 4)	29,056,546	25,485,882
Total assets	<u>\$ 77,276,589</u>	<u>71,902,488</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 16,215,431	12,438,516
Accrued expenses	5,335,906	8,933,844
Funds held for others (note 9)	72,449	141,689
Deferred revenue	9,945,636	7,895,792
Total liabilities	31,569,422	29,409,841
Net assets:		
Without donor restrictions	45,707,167	42,492,647
Total liabilities and net assets	<u>\$ 77,276,589</u>	<u>71,902,488</u>

See accompanying notes to consolidated financial statements.

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Consolidated Statements of Activities

Years ended August 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues and other support:		
Federal, state, and local grants	\$ 195,328,214	177,470,827
Contract-related fees	1,391,429	1,557,320
Contributions (in-kind) (note 8)	4,596,604	3,858,884
Contributions	251,972	218,262
Interest income (note 3)	419,475	362,131
Rental income (note 5)	1,106,568	962,520
Miscellaneous	548,017	1,338,626
	<u>203,642,279</u>	<u>185,768,570</u>
Revenues and other support		
Expenses:		
Child care choices	59,151,904	55,804,724
Head start	40,840,650	37,516,863
Fuel assistance	13,871,463	15,493,081
Community services	5,869,410	6,313,911
Employment and training	5,040,048	4,435,729
Health services	2,927,483	2,885,954
Weatherization	56,288,143	47,206,806
Housing	1,930,738	1,938,596
Day care	3,677,594	3,427,462
Elder services	952,082	969,787
Other	2,888,623	2,629,798
Tenant operating costs	1,246,873	1,296,214
Indirect costs	6,142,390	5,800,432
	<u>200,827,401</u>	<u>185,719,357</u>
Total expenses		
Increase in net assets from operations	<u>2,814,878</u>	<u>49,213</u>
Nonoperating activities:		
Net gain from investment activity (note 3)	399,642	1,020,717
	<u>399,642</u>	<u>1,020,717</u>
Increase in net assets from nonoperating activities		
Increase in net assets	3,214,520	1,069,930
Net assets without donor restrictions, beginning of year	<u>42,492,647</u>	<u>41,422,717</u>
Net assets without donor restrictions, end of year	<u>\$ 45,707,167</u>	<u>42,492,647</u>

See accompanying notes to consolidated financial statements.

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Consolidated Statement of Functional Expenses

Year ended August 31, 2019

	<b>Personnel</b>	<b>Consultants and contracted services</b>	<b>Payments on behalf of program participants</b>	<b>Travel</b>	<b>Occupancy</b>	<b>Consumable supplies</b>	<b>Rental or lease of equipment</b>	<b>Other costs</b>	<b>Tenant operating costs</b>	<b>Total expenses</b>
Child care choices	\$ 1,174,567	40	57,748,542	5,271	140,209	24,057	7,653	51,565	—	59,151,904
Head start	21,567,012	5,018,113	86,753	122,843	7,195,811	1,773,859	527,927	4,548,332	—	40,840,650
Fuel assistance	1,645,408	76,440	11,593,005	2,623	219,675	16,584	16,146	301,582	—	13,871,463
Community services	3,244,062	547,625	—	85,501	791,285	539,655	48,665	612,617	—	5,869,410
Employment and training	3,129,732	866,270	210,499	30,384	460,513	55,938	17,474	269,238	—	5,040,048
Health services	852,009	1,281,709	—	13,001	72,827	640,189	3,018	64,730	—	2,927,483
Weatherization	1,816,182	21,825,080	31,657,692	93,938	509,997	309,338	5,051	70,865	—	56,288,143
Housing	822,035	5,781	875,272	29,928	118,472	9,405	10,278	59,567	—	1,930,738
Day care	3,122,283	—	33,111	946	273,881	221,958	—	25,415	—	3,677,594
Elder services	324,919	2,070	381,666	66,164	51,439	60,432	2,808	62,584	—	952,082
Other	2,723,491	445,076	1,000	232,423	549,832	344,580	136,684	(1,544,463)	—	2,888,623
Tenant operating costs	—	—	—	—	—	—	—	—	1,246,873	1,246,873
Subtotal	40,421,700	30,068,204	102,587,540	683,022	10,383,941	3,995,995	775,704	4,522,032	1,246,873	194,685,011
Indirect costs	4,889,328	487,264	—	44,565	262,227	59,330	30,832	368,844	—	6,142,390
Total operating expenses	\$ <u>45,311,028</u>	<u>30,555,468</u>	<u>102,587,540</u>	<u>727,587</u>	<u>10,646,168</u>	<u>4,055,325</u>	<u>806,536</u>	<u>4,890,876</u>	<u>1,246,873</u>	<u>200,827,401</u>

See accompanying notes to consolidated financial statements.

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Consolidated Statement of Functional Expenses

Year ended August 31, 2018

	<u>Personnel</u>	<u>Consultants and contracted services</u>	<u>Payments on behalf of program participants</u>	<u>Travel</u>	<u>Occupancy</u>	<u>Consumable supplies</u>	<u>Rental or lease of equipment</u>	<u>Other costs</u>	<u>Tenant operating costs</u>	<u>Total expenses</u>
Child care choices	\$ 1,027,240	680	54,546,828	4,142	153,649	11,552	5,825	54,808	—	55,804,724
Head start	21,371,522	3,847,373	150,433	147,977	7,605,925	834,695	395,933	3,163,005	—	37,516,863
Fuel assistance	1,685,148	25,700	13,454,990	3,246	148,870	12,316	6,323	156,488	—	15,493,081
Community services	3,631,526	544,832	—	85,873	806,585	553,286	48,224	643,585	—	6,313,911
Employment and training	2,570,557	841,812	197,797	44,814	475,588	44,776	16,331	244,054	—	4,435,729
Health services	911,660	1,198,458	—	9,704	77,921	617,682	2,159	68,370	—	2,885,954
Weatherization	1,408,764	19,166,700	26,160,190	87,314	111,729	25,286	6,610	240,213	—	47,206,806
Housing	825,196	1,214	878,487	30,910	101,445	22,387	7,552	71,405	—	1,938,596
Day care	2,981,491	—	—	262	411,972	368	—	33,369	—	3,427,462
Elder services	324,545	814	434,284	56,405	50,034	68,123	2,585	32,997	—	969,787
Other	2,470,127	379,500	—	247,402	578,950	310,099	89,890	(1,446,170)	—	2,629,798
Tenant operating costs	—	—	—	—	—	—	—	—	1,296,214	1,296,214
Subtotal	39,207,776	26,007,083	95,823,009	718,049	10,522,668	2,500,570	581,432	3,262,124	1,296,214	179,918,925
Indirect costs	4,634,325	301,450	—	44,056	243,492	55,413	14,531	507,165	—	5,800,432
Total operating expenses	\$ <u>43,842,101</u>	<u>26,308,533</u>	<u>95,823,009</u>	<u>762,105</u>	<u>10,766,160</u>	<u>2,555,983</u>	<u>595,963</u>	<u>3,769,289</u>	<u>1,296,214</u>	<u>185,719,357</u>

See accompanying notes to consolidated financial statements.

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Consolidated Statements of Cash Flows

Years ended August 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase in net assets	\$ 3,214,520	1,069,930
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	2,412,963	2,198,991
Net realized and unrealized investment gains	(399,642)	(1,020,717)
Changes in operating assets and liabilities, excluding cash:		
Accounts receivable	1,302,512	(4,792,037)
Other assets	(7,500)	23,665
Prepaid assets	46,912	77,874
Accounts payable	2,707,023	1,358,297
Accrued expenses	(3,597,938)	3,960,177
Deferred revenue	2,049,844	3,073,906
Net cash provided by operating activities	<u>7,728,694</u>	<u>5,950,086</u>
Cash flows from investing activities:		
Purchases of investments	(12,988,803)	(3,874,667)
Proceeds from sale of investments	12,713,790	3,608,555
Purchase of property, plant, and equipment	(4,913,735)	(3,310,989)
Net cash used in investing activities	<u>(5,188,748)</u>	<u>(3,577,101)</u>
Change in cash and cash equivalents	2,539,946	2,372,985
Cash and cash equivalents, beginning of year	<u>8,794,279</u>	<u>6,421,294</u>
Cash and cash equivalents, end of year	\$ <u><u>11,334,225</u></u>	<u><u>8,794,279</u></u>
Noncash investing activity:		
Noncash acquisition of property, plant, and equipment	\$ 1,185,540	115,648
Change in accounts payable attributable to property, plant and equipment	1,069,892	(70,516)

See accompanying notes to consolidated financial statements.

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

**(1) Summary of Significant Accounting Policies**

**(a) Basis of Consolidated Financial Statement Presentation**

The accompanying consolidated financial statements of Action for Boston Community Development, Inc. and subsidiaries (the Organization) are presented on the accrual basis of accounting and include the accounts and activity of Action for Boston Community Development, Inc. (ABCD) and the Organization's real estate operation, Action for Boston Community Development Real Estate Corporation, Inc. (the Corporation). All significant intercompany activity has been eliminated.

Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Without Donor Restrictions – Net assets not subject to donor-imposed stipulations.

With Donor Restrictions – Net assets subject to donor-imposed stipulations. Some donors impose restrictions that are temporary in nature, for example, specifying that resources only be used after a specified date or for a particular program or service.

Also included in this category would be net assets subject to donor-imposed restrictions that are to be maintained permanently, including gifts and pledges where the donor stipulates that only the income be made available for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Expirations of with donor restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets. The Organization had only net assets without donor restrictions at August 31, 2019 and 2018.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Promises to give that are scheduled to be received after the consolidated balance sheet date are shown as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the purpose or time restrictions are met. Promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in net assets with donor restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

**(b) Operations**

The consolidated statements of activities report all changes in net assets, including those without donor restrictions from operating and non-operating transactions. Operating revenues and expenses consist of those items attributable to the Organization's ongoing service efforts.

## **ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

### Notes to Consolidated Financial Statements

August 31, 2019 and 2018

Because the consolidated statements of cash flows are prepared in accordance with a prescribed format under generally accepted accounting principles, certain amounts included in operations as defined for purposes of the consolidated statements of activities differ from amounts reported as cash flows from operating activities.

#### **(c) Cash and Cash Equivalents**

For the purpose of the consolidated financial statements, the Organization considers investments with maturities at date of purchase of three months or less to be cash equivalents. Cash included in investments will be used for investing activity, and as such is excluded from cash and cash equivalents.

#### **(d) Property, Plant, and Equipment**

Acquisitions of property, plant, and equipment are recorded at cost, unless the assets are acquired through donation, in which case they are recorded at estimated fair value. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. Repairs and maintenance costs are expensed in the period in which they are incurred.

#### **(e) Contract Related Fees**

In accordance with certain grant program agreements, ABCD receives reimbursement from program participants for goods and services provided under the grants. Such reimbursement is stipulated in the grant agreements.

#### **(f) Indirect Costs**

The Office of Management and Budget Uniform Guidance (Uniform Guidance) establishes the policy that a single Federal agency is responsible for the review, negotiation and approval of indirect cost rates for use on Federal awards by nonprofit organizations, if the organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Normally, the Federal agency with the predominate financial interest is the cognizant agency. ABCD charges indirect costs to programs based on a provisional indirect cost rate that is approved by its cognizant agency, the U.S. Department of Health and Human Services, Division of Cost Allocation.

#### **(g) Functional Expenses**

The Consolidated Statement of Functional Expenses reports certain categories of expenses that are attributable to one or more programs or supporting functions of the organization. These expenses include occupancy and depreciation, information technology, office services and telephone. Occupancy and depreciation are allocated based on square footage. Information technology, office services and telephone are allocated to programs and supporting functions based on usage.

#### **(h) Income Taxes**

ABCD is a not-for-profit organization as described under Internal Revenue Code (IRC) Section 501(c)(3), and the Corporation is a not-for-profit organization as described under Internal Revenue Code (IRC) Section 501(c)(2). As such, the Organization is generally exempt from income taxes under IRC Section 501(a). The Organization is required to assess uncertain tax positions and has determined that there were no such positions that would jeopardize its tax-exempt status or have a material effect on the consolidated financial statements.

## **ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

### Notes to Consolidated Financial Statements

August 31, 2019 and 2018

**(i) Deferred Revenue**

ABCD records grant funds received in advance of incurring eligible expenses as deferred revenue. Revenue is recognized once eligible expenses are incurred.

**(j) Fundraising Costs**

ABCD's fundraising costs totaled \$682,258 and \$756,666 for the years ended August 31, 2019 and 2018, respectively.

**(k) Investments**

Investments are reported at fair value in the Organization's consolidated financial statements.

**(l) Fair Value**

Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. U.S. generally accepted accounting principles establishes a fair value hierarchy that prioritizes inputs used to measure fair value into three levels: Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date for liabilities; Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data; and Level 3 – unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The Organization's investments are categorized in Level 1 of the hierarchy, with the exception of Corporate Bonds which are considered Level 2.

**(m) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**(n) Recent Accounting Pronouncements**

In 2019, the Organization adopted ASU No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include presentation of two classes of net assets versus the previously required three and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. This guidance also enhances disclosures for board designated funds, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification.

The Organization has applied ASU 2016-14 to the 2018 financial statements on a retrospective basis resulting in the restatement of the 2018 financial statements to reflect the net assets classifications of ASU 2016-14. Net assets previously presented as unrestricted are now reported as net assets without donor restrictions. However, the Organization has elected to omit disclosures regarding availability of financial assets and liquidity as of August 31, 2018.

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

**(2) Financial Assets and Liquidity Resources**

As of August 31, financial assets and liquidity resources available within one year for general expenditure, such as operating expenditures, were as follows:

	<u>2019</u>
Financial assets:	
Cash and cash equivalents	\$ 11,334,225
Short-term investments	15,928,569
Accounts receivable, net	<u>19,720,272</u>
Total financial assets and liquidity resources available within one year	<u>\$ 46,983,066</u>

The Organization is supported in part by cost reimbursement grants that require funds to be spent in order to receive payment. The majority of funds, however, are called for from its funders as needed and those funds are then disbursed to cover expenditures immediately following the receipt of those funds. It is the Organization's practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**(3) Investments**

At August 31, the Organization's investments are summarized as follows:

<u>Investment class</u>	<u>2019</u>	<u>2018</u>
U.S. equities	\$ 10,754,995	10,593,446
Corporate bonds	3,988,325	3,620,361
Mutual funds	498,078	628,625
Cash	659,393	383,181
Accrued interest	<u>27,778</u>	<u>28,301</u>
	<u>\$ 15,928,569</u>	<u>15,253,914</u>

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

**(4) Property, Plant, and Equipment**

At August 31, the Organization's property, plant, and equipment was composed of the following:

	<u>2019</u>	<u>2018</u>	<u>Estimated useful lives</u>
Land	\$ 3,453,543	3,453,543	—
Buildings and improvements	25,398,551	24,957,465	5–40 years
Computer equipment	541,679	541,679	3 years
Furniture and equipment	1,133,522	1,029,403	3–10 years
Leasehold improvements	<u>16,603,619</u>	<u>11,165,197</u>	Applicable lease term
	47,130,914	41,147,287	
Less accumulated depreciation	<u>(18,074,368)</u>	<u>(15,661,405)</u>	
Net property, plant, and equipment	<u>\$ 29,056,546</u>	<u>25,485,882</u>	

Depreciation expense for the years ended August 31, 2019 and 2018 was \$2,412,963 and \$2,198,991, respectively.

**(5) Leases**

ABCD leases facilities in the greater Boston area either as a tenant at will or under leases expiring at various dates through August 31, 2024. All of the leases may be terminated if the funding agencies cease to fund ABCD. For the years ended August 31, 2019 and 2018, total rental expense amounted to \$2,023,806 and \$1,465,515, respectively, including certain real estate tax increases and operating cost adjustments under certain of its leases. Rental expense for facilities not under lease (i.e., tenants at will) amounted to \$391,278 and \$83,414 for the years ended August 31, 2019 and 2018, respectively.

Assuming funding continues, at August 31, 2019, ABCD had the following minimum lease commitments:

	<u>Amount</u>
Year ending August 31:	
2020	\$ 1,559,795
2021	1,450,101
2022	1,072,184
2023	913,299
2024	833,220

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

In addition, the Corporation leases surplus space in some of its owned properties to third-party tenants, primarily other not-for-profit organizations. At August 31, 2019, the Corporation had the following minimum lease rentals:

	<b>Amount</b>
Year ending August 31:	
2020	\$ 1,108,801
2021	833,033
2022	595,409
2023	522,864
2024	401,750

**(6) Line of Credit**

ABCD has an unsecured \$2,000,000 demand line of credit with an interest rate equal to the bank's base lending rate. The line of credit is for working capital purposes. There was no balance outstanding on the line of credit at either August 31, 2019 or 2018.

**(7) Pension Plan**

The Organization has a defined contribution money purchase plan (the Plan), which provides benefits for its employees. Eligible employees may contribute as little as \$200 per year, which the Organization will match. Effective January 1, 2018, at the start of the new plan year, the rate increased to 200% of employee contributions up to a maximum of 10% of the employee's salary.

For the years ended August 31, 2019 and 2018, the Organization's contributions and administrative expenses under the Plan amounted to \$2,271,056 and \$2,083,408, respectively.

**(8) Contributed Goods and Professional Services**

Contributed goods and professional services represent materials and services contributed to ABCD during the years ended August 31, and used for the following purposes:

<b>Nature</b>	<b>2019</b>	<b>2018</b>
Program services:		
Space	\$ 3,053,711	2,554,517
Consultants	524,968	559,176
Supplies	545,074	214,706
Food	472,851	530,485
	<u>4,596,604</u>	<u>3,858,884</u>
Total program services	<u>\$ 4,596,604</u>	<u>3,858,884</u>

In accordance with the terms of the lease, ABCD acknowledges the use of the Savin Street facility as a "gift in title" from the Trustees of the George Robert White Fund at a value of \$10 per square foot or \$115,000 annually.

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

**(9) Funds Raised for Others**

ABCD manages separate annual fundraising campaigns for federal employees working in Massachusetts, Rhode Island, and Connecticut, and for employees of the Commonwealth of Massachusetts. ABCD processes the employee pledges, receives funds deducted from employee paychecks from the employers, and disburses the appropriate amounts to the named beneficiaries as chosen by the employees. These funds are accounted for as agency funds, and do not appear as revenues and expenses in the Organization's consolidated statements of activities. Amounts raised and disbursed for the years ended August 31 are as follows:

	<u>2019</u>	<u>2018</u>
Funds received:		
Federal campaign	\$ —	931,228
Commonwealth of Massachusetts campaign	503,288	606,572
Total	<u>\$ 503,288</u>	<u>1,537,800</u>
Funds disbursed to beneficiaries	\$ 572,528	1,899,692
Funds due to beneficiaries at August 31, 2019 and 2018	72,449	141,689

**(10) Accounts Receivable**

At August 31, the Organization's accounts receivable were composed of the following:

	<u>2019</u>	<u>2018</u>
Grants receivable:		
Federal	\$ 388,263	549,856
Commonwealth of Massachusetts	8,882,771	11,729,726
City of Boston	1,978,332	1,708,220
Other	7,568,182	6,413,128
Other receivables:		
Rents	899,904	621,554
Other	2,820	300
Total	<u>\$ 19,720,272</u>	<u>21,022,784</u>

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

**(11) Subsequent Events**

The Organization evaluated subsequent events for potential recognition or disclosure through December 17, 2019, the date on which the consolidated financial statements were available to be issued.

**(12) Surplus (Deficit) Revenue Retention (Unaudited)**

In compliance with Massachusetts Division of Purchased Services requirements pursuant to 808 CMR 1.19(3), surplus (deficit) revenue retention amounts of \$(48,903) and \$(98,318) have been segregated and included in without donor restrictions for the years ended August 31, 2019 and 2018, respectively.

## ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidating Schedule of Financial Position

August 31, 2019

<b>Assets</b>	<b>ABCD</b>	<b>ABCD Real Estate Corporation, Inc.</b>	<b>Eliminations</b>	<b>Total</b>
Cash and cash equivalents	\$ 10,979,589	354,636	—	11,334,225
Cash held for others	72,449	—	—	72,449
Total cash and cash equivalents	11,052,038	354,636	—	11,406,674
Accounts receivable	18,820,368	899,904	—	19,720,272
Prepaid assets	798,143	—	—	798,143
Other assets	366,385	—	—	366,385
Investments	15,928,569	—	—	15,928,569
Property, plant, and equipment, net	13,549,315	15,507,231	—	29,056,546
Intercompany due from (to)	(15,852,773)	15,852,773	—	—
Total assets	<u>\$ 44,662,045</u>	<u>32,614,544</u>	<u>—</u>	<u>77,276,589</u>
<b>Liabilities and Net Assets</b>				
Liabilities:				
Accounts payable	\$ 16,200,452	14,979	—	16,215,431
Accrued expenses	5,335,906	—	—	5,335,906
Funds held for others	72,449	—	—	72,449
Deferred revenue	9,945,636	—	—	9,945,636
Total liabilities	31,554,443	14,979	—	31,569,422
Net assets:				
Without donor restrictions	13,107,602	32,599,565	—	45,707,167
Total liabilities and net assets	<u>\$ 44,662,045</u>	<u>32,614,544</u>	<u>—</u>	<u>77,276,589</u>

See accompanying independent auditors' report.

## ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.

Consolidating Schedule of Activities

Year ended August 31, 2019

	<u>ABCD</u>	<u>ABCD Real Estate Corporation, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
Revenues and other support:				
Federal, state, and local grants	\$ 195,328,214	—	—	195,328,214
Contract-related fees	1,391,429	—	—	1,391,429
Contributions (in-kind)	4,596,604	—	—	4,596,604
Contributions	251,972	—	—	251,972
Interest income	415,598	3,877	—	419,475
Rental income	—	4,422,041	(3,315,473)	1,106,568
Miscellaneous	548,017	—	—	548,017
	<u>202,531,834</u>	<u>4,425,918</u>	<u>(3,315,473)</u>	<u>203,642,279</u>
Revenues and other support				
Expenses:				
Child Care Choices	59,151,904	—	—	59,151,904
Head Start	40,840,650	—	—	40,840,650
Fuel Assistance	13,871,463	—	—	13,871,463
Community services	5,869,410	—	—	5,869,410
Employment and training	5,040,048	—	—	5,040,048
Health services	2,927,483	—	—	2,927,483
Weatherization	56,288,143	—	—	56,288,143
Housing	1,930,738	—	—	1,930,738
Day care	3,677,594	—	—	3,677,594
Elder services	952,082	—	—	952,082
Other	2,888,623	—	—	2,888,623
Tenant operating costs	—	4,562,346	(3,315,473)	1,246,873
Indirect costs	6,142,390	—	—	6,142,390
	<u>199,580,528</u>	<u>4,562,346</u>	<u>(3,315,473)</u>	<u>200,827,401</u>
Total expenses				
Increase (decrease) in net assets from operations	2,951,306	(136,428)	—	2,814,878
Nonoperating activities:				
Net gain from investment activity	399,642	—	—	399,642
	<u>3,350,948</u>	<u>(136,428)</u>	<u>—</u>	<u>3,214,520</u>
Increase (decrease) in net assets				
Net assets without donor restrictions, beginning of year	9,756,654	32,735,993	—	42,492,647
Net assets without donor restrictions, end of year	<u>\$ 13,107,602</u>	<u>32,599,565</u>	<u>—</u>	<u>45,707,167</u>

See accompanying independent auditors' report.

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Supplementary Schedule of Expenditures of Federal Awards

Year ended August 31, 2019

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health & Human Services:				
Direct Programs:				
Family Planning Services	93.217		\$ —	1,848,252
Head Start	93.600		64,000	34,424,511
Total Direct U. S. Department of Health & Human Services			<u>64,000</u>	<u>36,272,763</u>
Passed through Massachusetts Department of Medical Assistance:				
Medical Assistance Program	93.778	NA	—	43,424
Passed through Department of Public Health:				
3 Steps in 30 Days	93.243	1H79SP02175301	—	182,503
Child Care and Development Fund Cluster (CCDF):				
Passed through Massachusetts Early Education & Care:				
Child Care and Development Block Grant:				
CCRA Management Services	93.575	FY187601ACTIONBOSTON	—	581,160
CCRA Management Services FY19	93.575	2019VOUCHERCHILDCARE	—	28,793,651
CCRA Management Services FY20	93.575	2020VOUCHERCHILDCARE	—	6,608,369
Daycare income-eligible	93.575	600010ACTIONBOST35IE/2019FLEXPOOLINCOMEEL	—	2,670,089
Teen Parent Daycare	93.575	6200ACTIONFORBOSPPTN	—	46,284
Supportive Child Care	93.575	6100ACTIONFORBOSPPSP	—	179,405
Homeless Child Care	93.575	6300ACTIONFORBOSPPHL	—	273,102
Total Child Care and Development Block Grant			—	39,152,060
Child Care Mandatory and Matching Funds of the Child Care and Development Fund:				
CCRA Management Services	93.596	FY187601ACTIONBOSTON	—	377,533
CCRA Management Services FY19	93.596	2019VOUCHERCHILDCARE	—	6,705,857
CCRA Management Services FY20	93.596	2020VOUCHERCHILDCARE	—	1,539,047
Daycare income-eligible	93.596	600010ACTIONBOST35IE/2019FLEXPOOLINCOMEEL	—	341,176
Teen Parent Daycare	93.596	6200ACTIONFORBOSPPTN	—	5,938
Supportive Child Care	93.596	6100ACTIONFORBOSPPSP	—	60,859
Homeless Child Care	93.596	6300ACTIONFORBOSPPHL	—	34,896
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund			—	9,065,306
Total CCDF Cluster			—	48,217,366
Passed through City of Boston:				
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers:				
Mattapan Elderly Services	93.044	III-B Mattapan	—	12,537
NE Senior Center	93.044	III-B North End/West End	—	10,319
Total Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers			—	22,856
Passed through Massachusetts Department of Housing and Community Development:				
Community Services Block Grant:				
CSBG-2018	93.569	SCOCD42001860BG010000	16,450	458,820
CSBG-2019	93.569	SCOCD42001960BG010000	455,386	6,107,610
Total Community Services Block Grant			<u>471,836</u>	<u>6,566,430</u>

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Supplementary Schedule of Expenditures of Federal Awards

Year ended August 31, 2019

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Low-Income Home Energy Assistance:				
Federal Fuel Admin, Support & Program FY19	93.568	NA	\$ —	14,019,255
Federal Fuel Admin, Support & Program FY19	93.568	POOCD44001957SF01000	—	1,968,057
Heartwap 2018 – Program/Heating Systems	93.568	SCOCD44001857HW01000	—	217,926
Heartwap 2019 – Program/Heating Systems	93.568	SCOCD44001957HW01000	—	1,253,109
Total Low-Income Home Energy Assistance			—	17,458,347
Passed through Harvard University:				
Diabetes, Digestive, and Kidney Diseases Extramural Research:				
Harvard National Institute of Health 2018-2019	93.847	111184-5093431	—	74,866
Total Diabetes, Digestive, and Kidney Diseases Extramural Research			—	74,866
Total U.S. Department of Health and Human Services			535,836	108,838,555
U.S. Department of Energy				
Passed through Massachusetts Department of Housing and Community Development:				
DOE/WAP 2018 – Program Support, Program Operations & T&TA FY18	81.042	SCOCD410018570000001	—	553,764
DOE/WAP 2019 – Program Support, Program Operations & T&TA FY19	81.042	SCOCD410019570000001	—	200,942
Total Weatherization Assistance for Low-Income Persons			—	754,706
Total U.S. Department of Energy			—	754,706
U.S. Department of Homeland Security:				
Direct Program:				
Emergency Food and Shelter National Board Program	97.024		—	53,000
Total U.S. Department of Homeland Security			—	53,000
U.S. Department of Labor:				
Direct Programs:				
Reintegration of Ex-Offenders	17.270		—	245,121
Job Training Grants	17.268		—	725,116
Passed through City of Boston:				
WIA/WIOA Youth Activities:				
Year-Round Youth (WIA) FY18	17.259	122001318	—	79,947
Year-Round Youth (WIA) FY19	17.259	122001319	—	384,568
Year-Round Youth (WIA) FY20	17.259	122001320	—	68,857
Total WIA/WIOA Youth Activities			—	533,372
Total U.S. Department of Labor			—	1,503,609
Corporation for National & Community Service:				
Direct Program:				
Foster Grandparent Program	94.011		—	713,305
Total Corporation for National & Community Service			—	713,305

**ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

Supplementary Schedule of Expenditures of Federal Awards

Year ended August 31, 2019

<u>Federal Grantor/ Pass-Through Grantor/Program Title</u>	<u>Federal CFDA number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Agriculture:				
Passed through Massachusetts Department of Education:				
Child and Adult Care Food Program:				
USDA – Head Start	10.558	13-035-CF-194	\$ —	1,662,295
Total Child and Adult Care Food Program			—	1,662,295
Passed through The Greater Boston Food Bank:				
Emergency Food Assistance Program (Food Commodities)	10.569	In-kind food bank	—	110,162
Total Emergency Food Assistance Program (Food Commodities)			—	110,162
Total U.S. Department of Agriculture			—	1,772,457
U.S. Department of Treasury Internal Revenue Service:				
Volunteering Income Tax Assistance (VITA) Matching Grant Program:				
Passed through City of Boston/EDIC	21.009	137-17 VITA	—	22,015
Passed through Massachusetts Community Action Program Directors Association (MASSCAP)	21.009	137-17	—	3,020
Total VITA Matching Grant Program			—	25,035
Total U.S. Department of Treasury Internal Revenue Service			—	25,035
U.S. Department of Housing and Urban Development:				
Passed through City of Boston:				
Community Development Block Grants/Entitlement Grants:				
Mattapan-Foreclosure Prevention FY19	14.218	46262-19	—	73,382
Mattapan-Foreclosure Prevention FY20	14.218	46262-19	—	23,770
South Side ESOL FY19	14.218	47406	—	73,085
South Side ESOL FY20	14.218	NA	—	13,087
Housing Counseling FY20	14.218	HC180321052	—	14,300
Passed through Malden Redevelopment Authority:				
Community Development Block Grants/Entitlement Grants:				
Mobile Homeless Outreach	14.218	NA	—	2,621
Total Community Development Block Grants/Entitlement Grants			—	200,245
Total U.S. Department of Housing and Urban Development			—	200,245
Total Expenditures of Federal Awards			\$ 535,836	113,860,912

See accompanying notes to supplementary schedule of expenditures of federal awards.

## **ACTION FOR BOSTON COMMUNITY DEVELOPMENT, INC.**

### Notes to Supplementary Schedule of Expenditures of Federal Awards

Year ended August 31, 2019

#### **(1) Basis of Presentation**

The accompanying supplementary schedule of expenditures of federal awards (the Schedule) summarizes the expenditures of Action for Boston Community Development, Inc. and subsidiaries (the Organization) under programs funded by the federal government for the year ended August 31, 2019. 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* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the consolidated financial position, changes in net assets or cash flows of the Organization.

For purposes of the Schedule, federal awards include all grants, contracts and similar agreements entered into directly between the Organization and agencies and departments of the federal government and all sub-awards passed through to the Organization by nonfederal organizations pursuant to federal grants, contracts and similar agreements. The Schedule also denotes awards passed through from the Organization to other nonfederal organizations.

#### **(2) Significant Accounting Policies**

Expenditures for direct costs are recognized as incurred using the accrual basis of accounting and cost accounting principles of the Uniform Guidance. Under these cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures also include a portion of costs associated with general Organization activities (indirect costs) which are allocated to awards under negotiated formulas commonly referred to as indirect cost rates (note 3).

#### **(3) Indirect Cost Rate**

The Uniform Guidance establishes the policy that a single Federal agency is responsible for the review, negotiation and approval of indirect cost rates for use on Federal awards by nonprofit organizations if the organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Normally, the Federal agency with the predominant financial interest is the cognizant agency. The Organization charges indirect costs to programs based on a provisional indirect cost rate that is approved by its cognizant agency, the U.S. Department of Health and Human Services, Division of Cost Allocation. Indirect cost recoveries are reported as part of federal expenditures on the Schedule.