

**The Plummer Home For Boys, Inc.
Financial Statements
June 30, 2014 and 2013**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Plummer Home For Boys, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Plummer Home For Boys, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014 and 2013, 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.

Auditor's 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 Plummer Home For Boys, Inc. as of June 30, 2014 and 2013, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2014, on our consideration of The Plummer Home For Boys, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Plummer Home For Boys's internal control over financial reporting and compliance.

McLarney & Company, LLC
Chelmsford, MA
October 23, 2014

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The Plummer Home For Boys, Inc.
Statements of Financial Position
As of June 30, 2014 and 2013

| | 2014 | | | | 2013 | | | |
|--|---------------------------|---------------------------|---------------------------|---------------------|---------------------------|---------------------------|---------------------------|---------------------|
| | Operating Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Operating Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| | | | | | | | | |
| ASSETS | | | | | | | | |
| Current Assets: | | | | | | | | |
| Cash & Cash Equivalents (Note A) | \$ 352,018 | \$ 101,380 | \$ - | \$ 453,398 | \$ 329,753 | \$ 135,662 | \$ - | \$ 465,415 |
| Accounts Receivable (Note A) | 187,541 | - | - | 187,541 | 176,591 | - | - | 176,591 |
| Contributions Receivable | - | - | - | - | 750 | - | - | 750 |
| Pledges Receivable (Note B) | - | 99,750 | - | 99,750 | - | - | - | - |
| Interest & Dividends Receivable | 2,520 | - | - | 2,520 | 3,158 | - | - | 3,158 |
| Prepaid Expenses | 42,692 | - | - | 42,692 | 13,714 | - | - | 13,714 |
| Total Assets | 584,771 | 201,130 | - | 785,901 | 523,966 | 135,662 | - | 659,628 |
| Property and Equipment: | | | | | | | | |
| Property and Equipment, net (Notes A, C) | 488,907 | - | - | 488,907 | 521,268 | - | - | 521,268 |
| Other Assets | | | | | | | | |
| Investments (Note A, D, E) | 2,122,939 | - | - | 2,122,939 | 1,937,344 | - | - | 1,937,344 |
| Pledges Receivable (Note B) | - | 121,301 | - | 121,301 | - | - | - | - |
| Total Other Assets | 2,122,939 | 121,301 | - | 2,244,240 | 1,937,344 | - | - | 1,937,344 |
| Total Assets | \$ 3,196,617 | \$ 322,431 | \$ - | \$ 3,519,048 | \$ 2,982,578 | \$ 135,662 | \$ - | \$ 3,118,240 |
| Liabilities and Net Assets | | | | | | | | |
| Current Liabilities: | | | | | | | | |
| Accounts Payable | 87,154 | - | - | 87,154 | 97,236 | - | - | 97,236 |
| Accrued Expenses | 13,300 | - | - | 13,300 | 17,707 | - | - | 17,707 |
| Accrued Payroll & Payroll Taxes | 72,402 | - | - | 72,402 | 65,480 | - | - | 65,480 |
| Deferred Revenue | 21,459 | - | - | 21,459 | - | - | - | - |
| Current Portion of Capital Lease Obligation (Note K) | 2,604 | - | - | 2,604 | 2,501 | - | - | 2,501 |
| Total Current Liabilities | 196,919 | - | - | 196,919 | 182,924 | - | - | 182,924 |
| Long Term Liabilities | | | | | | | | |
| Capital Lease Obligation (Note K) | - | - | - | - | 2,604 | - | - | 2,604 |
| Total Current Liabilities | - | - | - | - | 2,604 | - | - | 2,604 |
| Total Liabilities | 196,919 | - | - | 196,919 | 185,528 | - | - | 185,528 |
| Net Assets (Note A, F, I) | 2,999,698 | 322,431 | - | 3,322,129 | 2,797,050 | 135,662 | - | 2,932,712 |
| Total Liabilities and Net Assets | \$ 3,196,617 | \$ 322,431 | \$ - | \$ 3,519,048 | \$ 2,982,578 | \$ 135,662 | \$ - | \$ 3,118,240 |

The accompanying notes and auditor's report are an integral part of these financial statements.

The Plummer Home For Boys, Inc.
Statements of Activities and Change in Net Assets
For the Years Ended June 30, 2014 and 2013

| | 2014 | | | | 2013 | | | |
|---|---------------------------|---------------------------|---------------------------|---------------------|---------------------------|---------------------------|---------------------------|---------------------|
| | Operating Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Operating Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Support: (Note A) | | | | | | | | |
| Program Fees | 2,049,715 | - | - | 2,049,715 | 1,750,588 | - | - | 1,750,588 |
| Contributions, Fundraising & Special Event Income | 559,688 | 221,446 | - | 781,134 | 410,368 | 31,250 | - | 441,618 |
| Grant Revenue | 99,186 | 99,812 | - | 198,998 | 72,057 | 68,443 | - | 140,500 |
| Donated Goods & Services (Note A) | 30,000 | - | - | 30,000 | 43,305 | - | - | 43,305 |
| Other Income | 5,562 | - | - | 5,562 | 8,969 | - | - | 8,969 |
| Gain/(Loss) on Sale of Asset | - | - | - | - | 2,000 | - | - | 2,000 |
| Released from Restrictions | 134,489 | (134,489) | - | - | 261,143 | (261,143) | - | - |
| Total Support | 2,878,640 | 186,769 | - | 3,065,409 | 2,548,430 | (161,450) | - | 2,386,980 |
| Operating Expenses: | | | | | | | | |
| Program Services | | | | | | | | |
| Group Home | 951,757 | - | - | 951,757 | 978,181 | - | - | 978,181 |
| Pre-Independent Living | 278,981 | - | - | 278,981 | 266,042 | - | - | 266,042 |
| Family Partners | 2,711 | - | - | 2,711 | 4,343 | - | - | 4,343 |
| Pyramid | 122,847 | - | - | 122,847 | 63,520 | - | - | 63,520 |
| On Point | 105,838 | - | - | 105,838 | 83,054 | - | - | 83,054 |
| Foster Care | 794,852 | - | - | 794,852 | 411,827 | - | - | 411,827 |
| Permanency | 157,483 | - | - | 157,483 | 107,625 | - | - | 107,625 |
| | 2,414,468 | - | - | 2,414,468 | 1,914,592 | - | - | 1,914,592 |
| Supporting Services | | | | | | | | |
| Management and General | 175,676 | - | - | 175,676 | 248,596 | - | - | 248,596 |
| Fundraising | 287,555 | - | - | 287,555 | 229,351 | - | - | 229,351 |
| | 463,231 | - | - | 463,231 | 477,947 | - | - | 477,947 |
| Total Functional Expense | 2,877,700 | - | - | 2,877,700 | 2,392,538 | - | - | 2,392,538 |
| Change in Net Assets from Operations | 940 | 186,769 | - | 187,709 | 155,892 | (161,450) | - | (5,558) |
| Nonoperating Activities: | | | | | | | | |
| Interest / Dividend Income (Note D) | 49,445 | - | - | 49,445 | 66,157 | - | - | 66,157 |
| Realized Gain/(Loss) (Note D) | 142,255 | - | - | 142,255 | 78,944 | - | - | 78,944 |
| Unrealized Gain/(Loss) (Note D) | 10,008 | - | - | 10,008 | 22,855 | - | - | 22,855 |
| Total Nonoperating Activities | 201,707 | - | - | 201,707 | 167,956 | - | - | 167,956 |
| Increase (Decrease) in Net Assets | \$ 202,648 | \$ 186,769 | \$ - | \$ 389,417 | \$ 323,848 | \$ (161,450) | \$ - | \$ 162,398 |
| Net Assets - Beginning of Year | 2,797,050 | 135,662 | - | 2,932,712 | 2,473,202 | 297,112 | - | 2,770,314 |
| Net Assets - End of Year | \$ 2,999,698 | \$ 322,431 | \$ - | \$ 3,322,129 | \$ 2,797,050 | \$ 135,662 | \$ - | \$ 2,932,712 |

The accompanying notes and auditor's report are an integral part of these financial statements.

The Plummer Home For Boys, Inc.

Statements of Functional Expenses

For the Year Ended June 30, 2014

| | Program Services | | | | | | Supporting Services | | | |
|--|------------------------|-------------------|-----------------|-------------------|-------------------|-------------------|---------------------|----------------------|-------------------|---------------------|
| | Pre-Independent Living | Family Partners | Pyramid | On Point | Foster Care | Permanency | Total | Management & General | Fundraising | Total |
| Compensation and Related Expenses: | | | | | | | | | | |
| Payroll | \$ 183,167 | \$ 2,160 | \$ 33,210 | \$ 65,307 | \$ 345,638 | \$ 71,921 | \$ 1,251,799 | \$ 64,256 | \$ 200,470 | \$ 264,726 |
| Fringe Benefits | 47,278 | 18,736 | 3,310 | 2,050 | 27,024 | 3,776 | 102,437 | 4,130 | 13,444 | 17,574 |
| Payroll Taxes | 52,803 | 16,958 | 205 | 6,120 | 29,841 | 6,815 | 115,988 | 4,721 | 16,906 | 21,627 |
| Total Compensation and Related Expenses | 650,477 | 218,861 | 39,766 | 73,477 | 402,502 | 82,511 | 1,470,224 | 73,106 | 230,821 | 303,927 |
| Consultants | 9,130 | 195 | 563 | - | 8,383 | 58,335 | 76,605 | 16,431 | 8,044 | 24,474 |
| Contracted Care | 21,229 | 5,307 | - | - | - | - | 26,537 | - | - | 26,537 |
| Program Supplies | 60,794 | 12,967 | 13,313 | 26,379 | 296,178 | 510 | 410,141 | 4,088 | 5,400 | 9,488 |
| Repairs & Maintenance | 33,294 | 5,575 | 112 | 1,000 | 2,280 | - | 42,261 | 1,762 | 656 | 2,419 |
| Rent (Note L) | - | - | 48,344 | - | 30,000 | - | 78,344 | - | - | 78,344 |
| Depreciation (Note C) | 43,173 | 6,081 | - | - | - | - | 49,254 | 2,534 | 996 | 3,529 |
| Meals | 36,167 | 8,520 | 9,286 | 3,892 | 1,074 | 686 | 59,625 | 1,476 | 325 | 1,801 |
| Insurance | - | - | - | - | 6,770 | - | 6,770 | 22,492 | - | 22,492 |
| Office Expense | 3,743 | 1,473 | 886 | - | 3,390 | 455 | 9,947 | 2,395 | 8,304 | 10,699 |
| Office Supplies | 3,600 | 1,214 | 89 | 260 | 4,646 | 273 | 10,081 | 9,276 | 16,508 | 25,784 |
| Client Personal Allowances | 27,686 | 6,291 | 4,618 | - | 14,526 | - | 53,121 | - | - | 53,121 |
| Investment Expense | - | - | - | - | - | - | - | 16,177 | - | 16,177 |
| Utilities | 27,752 | 3,962 | 3,553 | - | 7,474 | - | 42,741 | 1,692 | 682 | 2,373 |
| Professional Fees | - | - | - | - | 538 | - | 538 | 17,310 | 963 | 18,273 |
| Telephone | 7,590 | 1,930 | 485 | 748 | 4,294 | 10 | 15,057 | 1,069 | 1,713 | 2,782 |
| Membership Dues | 3,652 | 578 | - | - | 37 | - | 4,268 | 2,266 | 1,680 | 3,946 |
| Development Cultivation | - | - | - | - | 75 | - | 75 | - | 9,885 | 9,960 |
| Training | 3,643 | 875 | - | - | 872 | 3,715 | 9,105 | 1,340 | 813 | 2,153 |
| Transportation | 19,825 | 5,154 | 82 | 83 | 11,800 | 10,988 | 49,761 | 1,730 | 766 | 2,496 |
| Interest Expense (Note K) | - | - | - | - | 14 | - | 14 | 533 | - | 533 |
| Total Operating Expenses | \$ 951,757 | \$ 278,981 | \$ 2,711 | \$ 122,847 | \$ 105,838 | \$ 157,483 | \$ 2,414,468 | \$ 175,676 | \$ 287,555 | \$ 463,231 |
| | | | | | | | | | | 547 |
| | | | | | | | | | | \$ 2,877,700 |

The accompanying notes and auditor's report are an integral part of these financial statements.

The Plummer Home For Boys, Inc.

Statements of Functional Expenses For the Year Ended June 30, 2013

Program Services

Supporting Services

Compensation and Related Expenses:

| | Program Services | | | | | | | Supporting Services | | | Total | |
|---|-------------------|------------------------|-----------------|------------------|------------------|-------------------|-------------------|---------------------|----------------------|-------------------|-------------------|---------------------|
| | Group Home | Pre-Independent Living | Family Partners | Pyramid | On Point | Foster Care | Permanency | Total | Management & General | Fundraising | | Total |
| \$ | \$ 585,903 | \$ 175,177 | \$ 3,402 | \$ 18,154 | \$ 49,219 | \$ 160,117 | \$ 25,525 | \$ 1,017,497 | \$ 121,707 | \$ 138,834 | \$ 260,541 | \$ 1,278,038 |
| Payroll | 48,886 | 15,070 | 298 | 1,299 | 675 | 2,930 | 99 | 69,256 | 17,239 | 6,655 | 23,895 | 93,150 |
| Fringe Benefits | 57,469 | 16,725 | 390 | 1,550 | 5,620 | 17,528 | 5,991 | 105,274 | 6,945 | 10,982 | 17,927 | 123,200 |
| Payroll Taxes | 692,259 | 206,972 | 4,089 | 21,003 | 55,514 | 180,575 | 31,616 | 1,192,027 | 145,891 | 156,471 | 302,362 | 1,494,388 |
| Total Compensation and Related Expenses | | | | | | | | | | | | |
| Consultants | 1,232 | 235 | - | 292 | 711 | 5,753 | 62,889 | 71,111 | 9,707 | 1,863 | 11,569 | 82,680 |
| Contracted Care | 30,365 | 7,591 | - | - | - | - | - | 37,957 | - | - | - | 37,957 |
| Program Supplies | 55,393 | 12,298 | 85 | 4,422 | 19,010 | 152,722 | 220 | 244,150 | 3,659 | 4,065 | 7,724 | 251,874 |
| Repairs & Maintenance | 37,887 | 4,454 | - | 10 | 525 | 15,842 | - | 58,718 | 9,056 | 825 | 9,881 | 68,599 |
| Rent (Note L) | - | - | - | 27,133 | - | 17,500 | - | 44,633 | - | - | - | 44,633 |
| Depreciation (Note C) | 38,760 | 5,742 | - | - | - | - | - | 44,502 | 3,123 | 947 | 4,070 | 48,572 |
| Meals | 37,045 | 9,103 | 8 | 5,416 | 3,663 | 1,014 | 525 | 56,774 | 2,308 | 287 | 2,595 | 59,368 |
| Insurance | - | - | - | - | - | 6,055 | - | 6,055 | 20,243 | - | 20,243 | 26,297 |
| Office Expense | 3,038 | 974 | - | - | - | 3,804 | 796 | 8,612 | 4,584 | 2,924 | 7,508 | 16,120 |
| Office Supplies | 2,980 | 564 | - | - | 392 | 2,346 | 2,536 | 8,817 | 8,681 | 11,530 | 20,211 | 29,029 |
| Client Personal Allowances | 18,330 | 5,152 | - | 2,838 | - | 7,347 | - | 33,667 | - | - | - | 33,667 |
| Investment Expense | - | - | - | - | - | - | - | - | 15,554 | - | 15,554 | 15,554 |
| Utilities | 24,822 | 3,677 | - | 1,318 | - | - | - | 29,816 | 1,531 | 605 | 2,136 | 31,952 |
| Professional Fees | - | - | - | - | 2,228 | 3,933 | - | 6,160 | 15,500 | - | 15,500 | 21,660 |
| Telephone | 7,004 | 1,373 | - | 167 | 729 | 2,525 | - | 11,798 | 3,413 | 1,245 | 4,658 | 16,456 |
| Membership Dues | 3,305 | 490 | - | - | - | - | - | 3,794 | 1,194 | 690 | 1,884 | 5,678 |
| Development Cultivation | - | - | - | - | - | - | - | - | - | 44,632 | 44,632 | 44,632 |
| Training | 9,097 | 2,832 | - | 499 | 113 | 1,520 | 7,794 | 21,855 | 585 | 2,809 | 3,394 | 25,249 |
| Transportation | 16,664 | 4,585 | 161 | 423 | 170 | 10,805 | 1,250 | 34,058 | 2,674 | 459 | 3,133 | 37,191 |
| Interest Expense (Note K) | - | - | - | - | - | 88 | - | 88 | 893 | - | 893 | 981 |
| Total Operating Expenses | \$ 978,181 | \$ 266,042 | \$ 4,343 | \$ 63,520 | \$ 83,054 | \$ 411,827 | \$ 107,625 | \$ 1,914,592 | \$ 248,596 | \$ 229,351 | \$ 477,947 | \$ 2,392,538 |

The accompanying notes and auditor's report are an integral part of these financial statements.

The Plummer Home For Boys, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2014 and 2013

| | Total 2014 | Total 2013 |
|--|-----------------------|-----------------------|
| Cash Flows From Operating Activities | | |
| Increase (Decrease) in Net Assets | \$ 389,417 | \$ 162,398 |
| Adjustments to Reconcile Net Assets To Net | | |
| Cash Provided by Operating Activities: | | |
| Depreciation (Note 2) | 52,784 | 48,572 |
| Gain on sale of Asset | - | (2,000) |
| Realized (Gain)/Loss on Long-Term Investments | (142,255) | (78,944) |
| Unrealized (Gain)/Loss on Long-Term Investments | (10,008) | (22,855) |
| (Increase) Decrease in Accounts Receivable | (10,200) | (33,540) |
| (Increase) Decrease in Contributions Receivable | - | 1,000 |
| (Increase) Decrease in Pledges Receivable | (221,051) | - |
| (Increase) Decrease in Interest and Dividends Receivable | 638 | 293 |
| (Increase) Decrease in Prepaid Expenses | (28,978) | 3,951 |
| Increase (Decrease) in Accounts Payable | (10,084) | 55,195 |
| Increase (Decrease) in Accrued Expenses | (4,407) | (3,097) |
| Increase (Decrease) in Accrued Payroll and Payroll Taxes | 6,922 | 24,485 |
| Increase (Decrease) in Deferred Revenue | 21,459 | - |
| Net Cash Provided by Operating Activities | 44,237 | 155,458 |
| Cash Flow from Investing Activities | | |
| Proceeds from Sales of Long-Term Investments | (1,063,549) | 107,866 |
| Purchases of Long-Term Investments | 1,030,218 | (63,970) |
| Proceeds from Sale of Asset | - | 2,000 |
| Purchase of Fixed Assets | (20,422) | (92,766) |
| Net Cash Used by Investing Activities | (53,753) | (46,870) |
| Cash Flow from Financing Activities | | |
| Repayments of Capital Lease | (2,501) | (2,190) |
| Net Cash Used by Financing Activities | (2,501) | (2,190) |
| Increase (Decrease) in Cash | \$ (12,017) | \$ 106,398 |
| Cash and Cash Equivalents - Beginning of Year | \$ 465,415 | \$ 359,017 |
| Cash and Cash Equivalents - End of Year | \$ 453,398 | \$ 465,415 |

See Note J For Supplemental Cash Information.

The accompanying notes and auditor's report are an integral part of these financial statements.

THE PLUMMER HOME FOR BOYS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30 2014 AND 2013

A. Nature of Activities and Summary of Significant Accounting Policies:

Nature of activities:

The Plummer Home for Boys, Inc. (the "Organization") is a nonprofit organization founded in 1855 as a residential treatment home for boys. The organization's current programs include a Group Home for adolescent boys ages 13-22; a pre-independent living program for adolescent boys ages 16-22; a supervised apartment program providing community based apartments to young adults ages 18-22; a Family Partner Program providing flexible in-home support to adolescents and their families; a permanency program identifying families for youth across all programs; a community-based alternative to detention program for court involved youth; and foster care providing trained and supported foster families for children ages 0-22 in the child welfare system. The Organization is supported primarily through contracts with the Massachusetts Department of Children and Families.

Basis of accounting:

The Organization prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Advertising Costs:

Advertising costs are charged to operations when incurred.

Basis of presentation:

Financial statement presentation under generally accepted accounting principles, Financial Statements of Not-for-Profit Organizations, requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of estimates:

The preparation of financial statements in conformity with 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 financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Accounts receivable:

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with the agencies having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Property and equipment:

The Organization capitalizes all expenditures for property and equipment in excess of \$1,500. Property and equipment are shown in the financial statements at historical cost, net of accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets.

THE PLUMMER HOME FOR BOYS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30 2014 AND 2013

A. Nature of Activities and Summary of Significant Accounting Policies — (Continued):

Functional allocation of expenses:

The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Gifts-in-kind are reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt. Contributions of cash that must be used to acquire land, buildings and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Income taxes:

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. 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 qualifies for the charitable contribution deduction under Section 170 (b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Assets and Liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the "more-likely-than-not" threshold based on the technical merits of the positions. Estimated interest and penalties related to uncertain tax positions are included as a component of income tax expense. There are no adjustments to the Financial Statements as a result of uncertain tax positions. The Organization is not under examination by the Federal or State taxing authorities.

Long-term investments:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

THE PLUMMER HOME FOR BOYS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30 2014 AND 2013

A. Nature of Activities and Summary of Significant Accounting Policies — (Continued):

Fair value measurements:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income and cost approaches. Based on these approaches, the Organization may utilize certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 — valued based on quoted prices in active markets for identical assets, from direct market inputs from sources independent of the reporting entity.

Level 2 — valued based on observable inputs that might reflect a similar, but not identical, asset in an active or inactive market.

Level 3 — valued based on significant unobservable units, which might include the assumptions of the party valuing the assets, or be the result of modeling necessitated by a lack of market activity for the security in question.

Reclassifications

Certain amounts from 2013 have been reclassified to conform to the financial statements presentations in 2014.

Donated Goods and Services

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

THE PLUMMER HOME FOR BOYS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30 2014 AND 2013

B. Pledges Receivable:

The Composition of Pledges Receivable at June 30, 2014 and 2013 is summarized as follows:

| | <u>2014</u> | <u>2013</u> |
|---|-------------|-------------|
| Total pledges receivable outstanding | \$221,920 | \$0 |
| Less: unamortized discount to present value | (869) | (0) |
| Total pledges receivable, net | 221,051 | 0 |
| Less: current portion of pledges receivable | (99,750) | 0 |
| Noncurrent portion of pledges receivable | \$121,301 | \$0 |

There was no reserve for non-collectible pledges for the years ended June 30, 2014 and 2013, respectively.

Payments of pledges receivable for each of the five fiscal years subsequent to June 30, 2014 and thereafter are as follows:

| | <u>2014</u> |
|----------------------------|------------------|
| June 30, 2015 | \$99,750 |
| June 30, 2016 | 47,848 |
| June 30, 2017 | 42,865 |
| June 30, 2018 | 30,588 |
| June 30, 2019 & Thereafter | 0 |
| Total | <u>\$221,051</u> |

C. Property and Equipment:

| Property and equipment consists of the following | <u>2014</u> | <u>2013</u> |
|--|------------------|------------------|
| Land | \$27,790 | \$27,790 |
| Buildings and improvements | 787,525 | 777,090 |
| Equipment | 187,866 | 177,879 |
| Vehicles | 59,639 | 59,639 |
| | 1,062,820 | 1,042,398 |
| Less: accumulated depreciation | (573,913) | (521,130) |
| Net property and equipment | <u>\$488,907</u> | <u>\$521,268</u> |

Depreciation expense for the years ended June 30, 2014 and 2013 amounted to \$52,784 and \$48,572 respectively.

THE PLUMMER HOME FOR BOYS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30 2014 AND 2013

D. Long-Term Investments:

Long-term investments are stated at fair value and consist of the following at June 30:

| <u>2014</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Appreciation (Depreciation)</u> |
|----------------------|--------------------|--------------------|---|
| Equities | \$655,402 | \$793,711 | \$138,309 |
| Fixed Income | 208,716 | 228,673 | 19,957 |
| Other Assets & ETF's | 573,466 | 652,330 | 78,864 |
| Mutual funds | 394,553 | 366,340 | (28,213) |
| Cash | 81,885 | 81,885 | 0 |
| Totals | <u>\$1,914,022</u> | <u>\$2,122,939</u> | <u>\$208,917</u> |

| <u>2013</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Appreciation (Depreciation)</u> |
|----------------------|--------------------|--------------------|---|
| Equities | \$419,762 | \$549,239 | \$129,477 |
| Fixed Income | 319,906 | 341,279 | 21,373 |
| Other Assets & ETF's | 352,702 | 389,561 | 36,859 |
| Mutual funds | 288,591 | 300,951 | 12,360 |
| Cash | 356,314 | 356,314 | 0 |
| Totals | <u>\$1,737,275</u> | <u>\$1,937,344</u> | <u>\$200,069</u> |

Investment return is summarized as follows for the years ended June 30:

| | <u>2014</u> | <u>2013</u> |
|--|------------------|------------------|
| Interest and Dividends | \$49,445 | \$66,157 |
| Net realized and unrealized Gains/(Losses) | 152,262 | 101,799 |
| Totals | <u>\$201,707</u> | <u>\$167,956</u> |

THE PLUMMER HOME FOR BOYS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30 2014 AND 2013

E. Fair Value Measurements:

Assets measured at fair value on a recurring basis are as follows at June 30:

| <u>2014</u> | Fair Value Measurements at Reporting Date Using Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|------------------------------|---|---|--|--|
| <u>Long-term Investments</u> | \$2,122,939 | \$1,029,701 | \$1,093,238 | \$ 0 |
| <u>2013</u> | Fair Value Measurements at Reporting Date Using Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| <u>Long-term Investments</u> | \$1,937,344 | \$1,214,981 | \$722,363 | \$ 0 |

THE PLUMMER HOME FOR BOYS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30 2014 AND 2013

F. Restrictions/Limitations on Net Assets:

The Organization's Board of Trustees has designated unrestricted net assets for the following purposes at June 30:

| | <u>2014</u> | <u>2013</u> |
|-----------------------|--------------------|--------------------|
| Long-term Investments | \$1,000,000 | \$1,000,000 |
| | <u>\$1,000,000</u> | <u>\$1,000,000</u> |

Temporarily restricted net assets are available for the following purposes at June 30:

| | <u>2014</u> | <u>2013</u> |
|---------------------------------------|------------------|------------------|
| Permanency | 243,049 | 88,077 |
| Health & Wellness | 27,500 | 13,750 |
| Preparedness | 27,500 | 0 |
| Other Pledges | 10,931 | 0 |
| Restitution | 9,904 | 0 |
| On Point | 1,979 | 17,500 |
| L Fund | 1,068 | 1,440 |
| Clothing/Coats | 300 | 0 |
| Softball Supplies | 200 | 200 |
| Vocational | 0 | 5,695 |
| Foster Family Recruitment & Retention | 0 | 5,000 |
| School | 0 | 1,000 |
| Capital Project | 0 | 3,000 |
| | <u>\$322,431</u> | <u>\$135,662</u> |

Net assets released from restrictions for the years ended June 30, 2014 and 2013 were comprised of the following:

| | <u>2014</u> | <u>2013</u> |
|--------------------------------|------------------|------------------|
| Permanency | 88,077 | 216,029 |
| On Point | 17,500 | 0 |
| Health & Wellness | 13,750 | 20,000 |
| Vocational | 5,695 | 5,454 |
| Foster Care | 5,000 | 0 |
| Capital Project | 3,000 | 0 |
| School | 1,000 | 0 |
| L Fund | 468 | 1,225 |
| Purchase of Ski Helmets | 0 | 1,000 |
| Art Lessons | 0 | 536 |
| Individual or Family Tx | 0 | 4,000 |
| 3 rd Floor Projects | 0 | 5,274 |
| Vehicle | 0 | 7,625 |
| | <u>\$134,489</u> | <u>\$261,143</u> |

THE PLUMMER HOME FOR BOYS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30 2014 AND 2013

H. Tax-Deferred Annuity Plan:

The Organization has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. Employees who have met the minimum requirements of the plan are covered. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization did not make contributions to the plan during either of the years ended June 30, 2014 and 2013.

I. Surplus Revenue Retention:

In accordance with Massachusetts regulations, the Organization is required to calculate and report its surplus revenue retention fund pool on an annual basis. This fund pool represents the aggregate surpluses and deficits generated in the Organization's programs receiving Massachusetts government agency funds. Since the annual surplus (deficit) does not exceed levels established by regulation, the fund pool is reported as component of the unrestricted net assets of the Organization.

A reconciliation of the fund pool is as follows:

| | <u>2014</u> |
|--|----------------------|
| Balance (deficit) at June 30, 2013 | (\$1,645,633) |
| Surplus revenue (deficit) for the year ended June 30, 2014 | (347,538) |
| Balance (deficit) at June 30, 2014 | <u>(\$1,993,171)</u> |

J. Supplemental Disclosure of Cash Flow Information:

Noncash investing activity for the years ended June 30, 2014 and 2013 consisted of the disposal of fully depreciated property and equipment in the amount of \$0 and \$0 respectively. The Organization received in-kind contributions of \$30,000 and \$43,305 for the years ended June 30, 2014 and 2013, respectively. The Organization had no noncash transactions during the years ended June 30, 2014 and 2013. The Organization paid interest of \$547 and \$981 during the years ended June 30, 2014 and 2013. The Organization did not pay any taxes during the years ended June 30, 2014 and 2013.

K. Obligation Under Capital Lease:

The Organization entered into a lease for a new telephone system on April 21, 2010 and ending on June 21, 2015. The interest rate on the lease is 13.37% with a monthly payment of \$253. The carrying value of assets purchased under capital lease is \$1,090 and \$3,270 at June 30, 2014 and 2013, respectively.

Future Minimum Lease Payments were as follows on June 30, 2014:

| | <u>2014</u> | <u>2013</u> |
|---|--------------------|--------------------|
| Future Minimum Lease Payments | \$2,781 | \$5,816 |
| Less: Amount Representing Interest | (177) | (711) |
| Present Value of Net Minimum Lease Payments under Capital Lease Obligations | <u>2,604</u> | <u>5,105</u> |
| Less: Current Portion | (2,604) | (2,501) |
| Long Term Capital Lease Obligations | <u>\$ 0</u> | <u>\$2,604</u> |

THE PLUMMER HOME FOR BOYS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30 2014 AND 2013

K. Obligation Under Capital Lease (continued):

Principal maturities of obligation under capital leases are as follows on June 30, 2014:

| | <u>2014</u> |
|---------------------------------|----------------|
| June 30, 2015 | 2,604 |
| June 30, 2016 | 0 |
| June 30, 2017 | 0 |
| June 30, 2018 | 0 |
| June 30, 2019 & Thereafter | 0 |
| Total Capital Lease Obligations | <u>\$2,604</u> |

L. Commitments

On March 18, 2013, the Organization entered into a lease agreement to rent space in Lowell, Massachusetts. The term is for 33 months, ending on August 30, 2015. The lease calls for monthly payments of \$2,500 for the entire term. The rent was paid by another organization for the years ended June 30, 2014 and 2013. The Organization also pays rent for clients as part of their Community Supported Apartment program. Rent expense for the years ended June 30, 2014 and 2013 totaled \$78,344 and \$44,633.

| | | |
|----------------------------|--|-----------------|
| June 30, 2015 | | \$30,000 |
| June 30, 2016 | | 5,000 |
| June 30, 2017 | | 0 |
| June 30, 2018 | | 0 |
| June 30, 2019 & Thereafter | | 0 |
| Total | | <u>\$35,000</u> |

M. Concentrations:

The Organization maintains multiple bank accounts at Multiple Banks. Deposits held in noninterest-bearing transaction account are aggregated with any interest-bearing deposits the owner may hold in the same ownership category, and the combined total insured amount is \$250,000. The term “noninterest-bearing transaction account” includes a traditional checking account or demand deposit account on which the insured depository institution pays no interest. It does not include other accounts, such as traditional checking or demand deposit accounts that may earn interest and money market accounts. The amount that exceeded the Federally insured limit was \$60,400 and \$82,859, respectively.

The Organization received approximately 67% and 73% of its total support from the Department of Children and Families of the Commonwealth of Massachusetts for the years ended June 30, 2014 and 2013, respectively. All revenue is derived from Massachusetts sources.

N. Donated Goods and Services

The Organization received the following donated goods and services during the years ended June 30, 2014 and 2013:

| | | |
|--------------|----------|----------|
| Rent | \$30,000 | \$17,500 |
| Fixed Assets | 0 | 17,390 |
| Investments | 117,473 | 100,611 |

O. Subsequent Events:

The Organization has evaluated all subsequent events through October 23, 2014, the day the financials were available to be issued. There were no subsequent events noted.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
The Plummer Home For Boys, 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 The Plummer Home For Boys, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014 and 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 23, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Plummer Home For Boys, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Plummer Home For Boys, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Plummer Home For Boys, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Plummer Home For Boys, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of The Plummer Home for Boys, Inc. in a separate letter dated October 23, 2014.

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.

McLarney + Company, LLC

Chelmsford, MA

October 23, 2014



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To the Board of Directors of
The Plummer Home For Boys, Inc.:

Independent Auditor's Report on Additional Information

Our report on our audit of the basic financial statements of The Plummer Home For Boys, Inc. for June 30, 2014 appears on page 1. We conducted our audit in accordance with generally accepted auditing standards for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules A and B, (Schedules MH, PDT, & SA as appropriate) of the Uniform Financial Report is presented solely for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the representation of The Plummer Home For Boys, Inc., Organization's management and has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion on it.

McLarney & Company, LLC

Chelmsford, MA
October 23, 2014

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6 Courthouse Lane #15
Chelmsford, MA 01824
Phone: 978-453-2222
Fax: 978-453-2882

Acknowledgment of the Board of Directors

Members of the Board of Directors of *The Plummer Home For Boys, Inc.*, met on November 3, 2014 and have voted to recognize and accept the representations of management and the expression of opinions by McLarney & Company, L.L.C. as embodied in the Basic Financial Statements, Supplementary and Subsidiary Financial Statements and Schedules and Independent Auditor's Reports contained in the Uniform Financial Statements and Independent Auditor's Report (UFR) for the period ended June 30, 2014.

In addition, members of the Board of Directors of *The Plummer Home For Boys, Inc.* hereby certify under penalty of perjury that to the best of our knowledge and belief, all material related party relationships and transactions, as defined by 808 CMR 1.02 and generally accepted government auditing standards, have been correctly and completely disclosed by management in the notes to the financial statements and schedules of the UFR for the period ended June 30, 2014.

Signatory for the Board of Directors

Name: _____

Title: _____

Date: _____