Vinfen Corporation and Affiliates

Consolidated Financial Statements
and
Supplementary Information

Years Ended June 30, 2013 and 2012

Vinfen Corporation and Affiliates

CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
Years Ended June 30, 2013 and 2012

C O N T E N T S

McGladrey

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Vinfen Corporation and Affiliates
Cambridge, Massachusetts

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Vinfen Corporation and Affiliates (the "Organization") which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 financial position of Vinfen Corporation and Affiliates as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

McGladrey LLP

Boston, Massachusetts
November 12, 2013

Vinfen Corporation and Affiliates

Consolidated Statements of Financial Position

June 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,778,892	$ 12,952,885
Accounts receivable, net	10,044,749	7,193,101
Assets whose use is limited	2,460,925	2,606,196
Prepaid expenses and other current assets	471,128	429,207
Total current assets	20,755,694	23,181,389
Property and equipment, net	39,867,184	34,483,953
Assets whose use is limited	1,295,603	1,197,620
Board designated investments	10,000,000	10,000,000
Deferred financing costs, net	518,598	573,609
Other assets	764,053	565,614
Goodwill	798,856	-
Total assets	$ 73,999,988	$ 70,002,185
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt	$ 1,383,649	$ 859,960
Accounts payable	3,420,752	2,413,899
Accrued vacation	2,814,769	2,565,610
Other accrued expenses	8,442,598	9,962,085
Client funds	2,128,159	2,285,575
Total current liabilities	18,189,927	18,087,129
Long-term debt, net of current portion	23,336,689	23,289,264
Capital advances	2,783,128	1,327,428
Other liabilities	794,423	1,075,105
Total liabilities	45,104,167	43,778,926
Commitments and contingencies		
Net assets:		
Unrestricted	27,973,578	25,552,611
Temporarily restricted	922,243	670,648
Total net assets	28,895,821	26,223,259
Total liabilities and net assets	$ 73,999,988	$ 70,002,185

See notes to consolidated financial statements.

Vinfen Corporation and Affiliates

Consolidated Statements of Activities
Years Ended June 30, 2013 and 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and other support:						
Contract revenue	$ 114,610,794	$ -	$ 114,610,794	$ 107,765,047	$ -	$ 107,765,047
Client fees	5,813,759	-	5,813,759	5,743,836	-	5,743,836
Rental subsidies	1,667,902	-	1,667,902	1,627,457	-	1,627,457
Contributions and grants	3,210	460,342	463,552	1,946	251,009	252,955
Investment income	5,157	-	5,157	39,755	-	39,755
Other operating revenue	528,886	-	528,886	500,366	-	500,366
Net assets released from restrictions	208,747	(208,747)	-	111,174	(111,174)	-
Total revenues and other support	122,838,455	251,595	123,090,050	115,789,581	139,835	115,929,416
Expenses:						
Program services:						
Psychiatric rehabilitation	60,838,204	-	60,838,204	56,162,098	-	56,162,098
Developmental disabilities	46,909,610	-	46,909,610	44,710,755	-	44,710,755
Clinical services	414,567	-	414,567	423,292	-	423,292
Supported housing	255,768	-	255,768	125,840	-	125,840
Total program services	108,418,149	-	108,418,149	101,421,985	-	101,421,985
Administrative and general	12,180,809	-	12,180,809	11,775,607	-	11,775,607
Fundraising	111,509	-	111,509	61,880	-	61,880
Total expenses	120,710,467	-	120,710,467	113,259,472	-	113,259,472
Change in net assets from operations	2,127,988	251,595	2,379,583	2,530,109	139,835	2,669,944
Non-operating income (expense):						
Loss on sale/disposal of assets	(53,712)	-	(53,712)	(94,864)	-	(94,864)
Gain (loss) on interest rate swap contract	346,691	-	346,691	(499,094)	-	(499,094)
Gain on discontinued operations	-	-	-	7,619	-	7,619
Total non-operating income (expense)	292,979	-	292,979	(586,339)	-	(586,339)
Change in net assets	2,420,967	251,595	2,672,562	1,943,770	139,835	2,083,605
Net assets at beginning of year	25,552,611	670,648	26,223,259	23,608,841	530,813	24,139,654
Net assets at end of year	$ 27,973,578	$ 922,243	$ 28,895,821	$ 25,552,611	$ 670,648	$ 26,223,259

See notes to consolidated financial statements.

Vinfen Corporation and Affiliates

Consolidated Statement of Functional Expenses
Year Ended June 30, 2013

	Psychiatric Rehabilitation	Developmental Disabilities	Clinical Services	Supported Housing	Employee Training	Facility Maintenance	Total Programs	Administrative and General	Fundraising	Totals
Operating expenses:										
Salaries and wages	$ 37,480,955	$ 29,403,108	$ 144,213	$ -	$ 351,635	$ 411,699	$ 67,791,610	$ 6,315,023	$ 58,485	$ 74,165,118
Payroll taxes and employee benefits	7,441,320	6,175,791	29,095	-	174,584	97,034	13,917,824	1,063,187	7,385	14,988,396
Total salaries and related benefits	44,922,275	35,578,899	173,308	-	526,219	508,733	81,709,434	7,378,210	65,870	89,153,514
Occupancy expenses	6,047,047	3,628,775	27,452	90,953	221,441	-	10,015,668	236,827	-	10,252,495
Professional fees	1,996,514	305,470	190,401	6,305	81,240	-	2,579,930	1,164,655	-	3,744,585
Depreciation and amortization	965,432	1,147,839	3,207	99,319	10,089	3,154	2,229,040	754,349	-	2,983,389
Transportation	1,232,907	1,480,921	-	-	755	5,534	2,720,117	145,200	-	2,865,317
Food	1,438,086	971,549	186	-	324	-	2,410,145	15,156	-	2,425,301
Supplies	1,140,178	947,253	2,674	76	11,841	248	2,102,270	277,306	3,306	2,382,882
Repairs and maintenance	665,579	702,749	3,268	31,188	9,800	687	1,413,271	175,019	-	1,588,290
Communication and data	643,890	313,875	3,527	755	9,329	1,488	972,864	411,612	-	1,384,476
Equipment and rental	421,349	178,974	6,499	-	18,497	4,379	629,698	644,894	-	1,274,592
Interest	281,891	616,421	-	205	-	1,519	900,036	240,065	-	1,140,101
Insurance	253,706	149,760	1,603	8,092	2,877	4,536	420,574	124,318	-	544,892
Other expenses	84,780	50,424	-	-	1,852	226	137,282	318,353	26,477	482,112
Staff training	85,496	90,403	35	-	9,052	-	184,986	218,774	15,856	419,616
Bad debt expense	-	61,451	-	-	-	-	61,451	7,454	-	68,905
Facility maintenance allocation	177,178	306,438	863	18,875	1,362	(530,504)	(25,788)	25,788	-	-
Employee training allocation	481,896	378,409	1,544	-	(904,678)	-	(42,829)	42,829	-	-
Total expenses	$ 60,838,204	$ 46,909,610	$ 414,567	$ 255,768	$ -	$ -	$ 108,418,149	$ 12,180,809	$ 111,509	$ 120,710,467

Vinfen Corporation and Affiliates

Consolidated Statement of Functional Expenses

Year Ended June 30, 2012

	Psychiatric Rehabilitation	Developmental Disabilities	Clinical Services	Supported Housing	Employee Training	Facility Maintenance	Total Programs	Administrative and General	Fundraising	Totals
Operating expenses:										
Salaries and wages	$ 34,212,643	$ 28,141,769	$ 143,316	$ -	$ 306,084	$ 249,615	$ 63,053,427	$ 6,145,121	$ 17,746	$ 69,216,294
Payroll taxes and employee benefits	7,482,398	6,544,480	42,067	-	115,054	86,029	14,270,028	1,212,142	2,965	15,485,135
Total salaries and related benefits	41,695,041	34,686,249	185,383	-	421,138	335,644	77,323,455	7,357,263	20,711	84,701,429
Occupancy expenses	5,568,686	3,271,405	23,318	36,199	218,415	301	9,118,324	203,405	919	9,322,648
Professional fees	1,369,451	263,849	184,278	3,253	82,432	-	1,903,263	937,365	4,141	2,844,769
Depreciation and amortization	908,397	1,056,596	6,047	69,623	10,512	-	2,051,175	793,377	-	2,844,552
Transportation	1,151,469	1,403,630	-	-	1,295	31,451	2,587,845	89,946	12	2,677,803
Food	1,277,579	926,243	251	-	259	-	2,204,332	8,882	-	2,213,214
Supplies	1,107,610	814,049	3,316	-	8,291	211	1,933,477	267,378	2,997	2,203,852
Repairs and maintenance	627,145	440,484	8,781	6,690	11,190	2,982	1,097,272	88,051	-	1,185,323
Communication and data	537,463	269,154	6,375	-	5,744	2,685	821,421	459,907	350	1,281,678
Equipment and rental	669,587	184,386	3,612	-	13,775	3,859	875,219	755,146	-	1,630,365
Interest	291,706	630,098	-	204	-	-	922,008	257,842	-	1,179,850
Insurance	229,593	136,393	2,362	3,737	2,781	299	375,165	120,621	-	495,786
Other expenses	53,756	73,026	626	-	1,746	34	129,188	184,865	32,750	346,803
Staff training	95,151	89,317	525	-	6,886	-	191,879	175,510	-	367,389
Bad debt expense (recovery)	6,058	(36,042)	(2,973)	-	-	-	(32,957)	(3,032)	-	(35,989)
Facility maintenance allocation	166,951	163,973	-	6,134	531	(379,384)	(41,795)	41,795	-	-
Employee training allocation	406,455	337,945	1,391	-	(784,995)	1,918	(37,286)	37,286	-	-
Total expenses	$ 56,162,098	$ 44,710,755	$ 423,292	$ 125,840	$ -	$ -	$ 101,421,985	$ 11,775,607	$ 61,880	$ 113,259,472

See notes to consolidated financial statements.

Vinfen Corporation and Affiliates

Consolidated Statements of Cash Flows

Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	**$ 2,672,562**	$ 2,083,605
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**2,983,389**	2,844,552
Amortization of deferred financing costs	**55,011**	56,977
Provision for bad debts	**15,565**	(175,783)
Loss on sale/disposal of assets	**53,712**	94,864
(Gain) loss on interest rate swap contract	**(346,691)**	499,094
Change in accounts receivable	**(2,863,687)**	1,017,318
Change in prepaid expenses and other current assets	**(41,921)**	962,440
Change in other assets	**(198,439)**	143,909
Change in accounts payable	**893,853**	(296,510)
Change in accrued vacation	**249,159**	(277,518)
Change in other accrued expenses	**(1,558,673)**	1,099,861
Total adjustments	**(758,722)**	5,969,204
Net cash provided by operating activities	**1,913,840**	8,052,809
Cash flows from investing activities:		
Purchases of property and equipment	**(6,720,222)**	(3,883,787)
Proceeds from sale of property and equipment	**-**	32,501
Increase in assets whose use is limited	**(28,418)**	(31,043)
Cash received from acquisitions	**10,824**	-
Net cash used in investing activities	**(6,737,816)**	(3,882,329)
Cash flows from financing activities:		
Proceeds from long-term debt	**537,707**	580,477
Proceeds from capital advances	**-**	599
Repayments on long-term debt	**(860,077)**	(824,641)
Principal payments under capital lease obligations	**(27,647)**	-
Deferred financing costs	**-**	(25,503)
Net cash used in financing activities	**(350,017)**	(269,068)
Net (decrease) increase in cash and cash equivalents	**(5,173,993)**	3,901,412
Cash and cash equivalents, beginning of year	**12,952,885**	9,051,473
Cash and cash equivalents, end of year	**$ 7,778,892**	$ 12,952,885
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	**$ 1,087,930**	$ 1,142,327
Supplemental schedule of noncash investing and financing activities:		
Capital lease obligations - vehicles	**$ 121,393**	$ -

Supplemental disclosures of investing activities:

Purchase acquisitions see note 3

See notes to consolidated financial statements.

Vinfen Corporation and Affiliates

1. NATURE OF ORGANIZATION

Vinfen Corporation ("Vinfen") was formed in July 1977 as a not-for-profit organization to provide comprehensive community-based services to individuals with disabilities, primarily adults with psychiatric and developmental disabilities. Vinfen provides services in Eastern Massachusetts from the Lawrence/Lowell area down to Boston, the South Shore, and the Cape.

In March 1988, Vinfen formed a for-profit wholly-owned subsidiary, Travis Corporation. Travis Corporation operates an outpatient clinic ("People Care") which provides treatment and consultation to individuals with psychiatric disabilities. Travis Corporation restated its articles of organization and was recognized as a 501(c)(3) organization effective January 28, 1999.

In January 2000, Vinfen formed an affiliate not-for-profit corporation, Vinfen Corporation of Connecticut, Inc. (“Vinfen of Connecticut”). Vinfen of Connecticut operates Community Living Arrangements, Supported Living Arrangements and other residential and day programs for individuals with special needs who are located throughout the State of Connecticut.

In May 2001, the United States Department of Housing and Urban Development ("HUD") approved Vinfen’s application for financing housing for low income individuals served. Vinfen formed three affiliated not-for-profit supportive housing corporations, Vinfen Corporation of Larchmont, Inc. ("Larchmont"), Vinfen Corporation of Forest, Inc. ("Forest") and Vinfen Corporation of Plain, Inc. ("Plain"), which own and operate three HUD sponsored residential facilities.

On September 30, 2012, North Suffolk Mental Health Association (“NSHMA”), an unrelated not-for-profit organization, transferred control of two not-for-profit organizations, Merrimack Housing Corporation (“Merrimack”) and Westland Community Housing Corporation (“Westland”), to Vinfen. Merrimack and Westland each own and operate a HUD sponsored residential facility. As Vinfen possesses the service contracts for the clients being housed in these two HUD entities, Vinfen and NSHMA deemed it prudent for Vinfen to assume control of these entities by having Merrimack and Westland’s board of directors replaced with members from Vinfen’s board of directors. The transfer of control was approved by HUD, the Massachusetts Community Economic Development Assistance Corporation (“CEDAC”), and the Commonwealth of Massachusetts Department of Mental Health. Merrimack is a nine unit facility developed in 1992 in Amesbury, Massachusetts to provide housing for low-income individuals under HUD’s 811 program. Westland is an eight unit facility developed in 2001 in Haverhill, Massachusetts to provide housing for low-income individuals under HUD’s 811 program. See footnote 3 for additional details.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements of Vinfen Corporation and Affiliates have been prepared on the accrual basis of accounting and in accordance with the reporting principles of not-for-profit accounting.

Principles of Consolidation

The consolidated financial statements include the accounts of Vinfen Corporation and its affiliated organizations, Vinfen of Connecticut, People Care, Larchmont, Forest, Plain, Merrimack, and Westland (collectively the “Organization”). All significant intercompany transactions and balances have been eliminated in the consolidation.

Vinfen Corporation and Affiliates
Notes to Consolidated Financial Statements
Years Ended June 30, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Classification and Reporting of Net Assets

The Organization reports three classes of net assets and the changes in those net assets in the consolidated statements of financial position and consolidated statements of activities, respectively. The three classes of net assets are unrestricted, temporarily restricted, and permanently restricted. These classifications are based on the existence or absence of donor-imposed restrictions. The three classifications are defined as follows:

Unrestricted Net Assets

Net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulation.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed restrictions that permit the Organization to use or expend the donated assets as specified and that are satisfied by either the passage of time or by actions of the Organization.

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization or by a third party foundation or trustee for the benefit of the Organization. Generally, the donors of these assets permit the Organization to use, all or in part, the income earned on related investments for general or specific purposes. Unexpended appreciation on permanently restricted net assets is included in temporarily restricted net assets. The Organization had no permanently restricted activity during the years ended June 30, 2013 and 2012.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 reported amounts of revenue and expenses during the reporting period. The more significant items presented herein affected by the use of estimates are the allowances for uncollectible receivables, depreciable lives of property and equipment, accrued pension expense, accrued workers compensation insurance, and the functional allocation of expenses. Actual results could differ from estimates.

Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments purchased with a maturity date of three months or less to be cash equivalents. Certain balances meeting the definition of cash equivalents have been classified as investments as a result of the Organization’s intent to segregate these designated funds from cash available for current operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Concentration of Credit Risk

Cash

The Organization deposits its cash in major financial institutions that, at times, may exceed federally insured limits by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Revenue

The Organization receives the majority of its revenues from state governments as contract funding for its programs (approximately $112,615,000 and $106,500,000 for the years ended June 30, 2013 and 2012, respectively). Substantially all accounts receivable as of June 30, 2013 and 2012 are due from state agencies.

Board-Designated Investments

In November 2000, the Board of Directors voted to institute a Board Designated Fund to help sustain the long-term operations of the Organization. The fund is carried at fair value and is invested to preserve its corpus. Interest is recorded when earned and is included in investment income in the consolidated statements of activities.

Accounts Receivable

Accounts receivable due from state agencies, municipalities, and directly from clients are carried at the original charge for the services provided less amounts covered by third party payors and less an estimated allowance for doubtful accounts. Accounts receivable, where a third party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third party payors, if any. Management determines the allowance for doubtful accounts by identifying troubled accounts and by a review of an aging of accounts. Account receivables are written off as bad debt expense when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as a reduction of bad debt expense when received. Accounts receivable as of June 30, 2013 and 2012 totaling $10,044,749 and $7,193,101, respectively, are reflected net of an allowance for doubtful accounts totaling $93,498 and $77,933, respectively.

Fair Value Measurements

The Organization follows ASC 820, *Fair Value Measurements and Disclosures.* The disclosures required about fair value measurements include, among other things, *(a)* the amounts and reasons for certain significant transfers among the three hierarchy levels of inputs, *(b)* the gross, rather than net, basis for certain Level 3 roll-forward information, *(c)* use of a “class” basis rather than a “major category” basis for assets and liabilities, and *(d)* valuation techniques and inputs used to estimate Level 2 and Level 3 fair value measurements.

Under the Financial Accounting Standards Board’s (“FASB”) authoritative guidance on 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.

Vinfen Corporation and Affiliates

Notes to Consolidated Financial Statements
Years Ended June 30, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Fair Value Measurements…continued

The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level 1 includes listed equities and listed derivatives. As required by fair value standards, the Organization does not adjust the quoted prices for these investments, even in situations where the Organization may hold a large position and a sale could reasonably impact the quoted price.

Securities that are listed on the United States securities exchange are valued at their last sales price on the largest United States securities exchange on which such securities have traded. Securities that are listed on an international exchange are valued at the last sales price from the largest exchange within the individual security's country of jurisdiction.

Level 2 - Pricing inputs are other than quoted prices in active markets of comparable instruments, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments, which are generally included in this category, include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives. Level 2 also includes practical expedient investments with redemption periods of ninety days or less.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments that are included in this category generally include equity and debt positions in private companies. Level 3 also includes practical expedient investments with redemption periods of more than ninety days.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Federated Government Obligation Funds

Valued at published net asset values, or quoted market prices, for identical assets provided by the fund manager.

United States Treasury Notes

Valued at published quoted market prices.

Vinfen Corporation and Affiliates

Notes to Consolidated Financial Statements
Years Ended June 30, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Fair Value Measurements…continued

Derivative Instruments

Derivatives are fair valued according to their classification as over-the-counter ("OTC") and consist of an interest rate swap. This derivative is valued using third party services. Observable market inputs include yield curves (the LIBOR swap curve and applicable base swap curves).

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There have been no significant changes in valuation methodologies during the years ended June 30, 2013 and 2012.

Derivative Financial Instruments

FASB ASC 815, *Derivatives and Hedging*, establishes accounting and reporting standards for derivative and hedging activities, and requires organizations to record derivative instruments as assets or liabilities, measured at fair value. The Organization entered into an interest rate swap agreement as part of its overall strategy to reduce exposure to fluctuations in interest rates. This derivative instrument is included in the consolidated statements of financial position as a component of long-term other liabilities, and the recognition of gains or losses resulting from changes in the value of the interest rate swap are recorded in the non-operating section of the consolidated statements of activities. The Organization does not enter into financial instruments for trading or speculative purposes.

Fair Value of Financial Instruments

The Organization has estimated the fair value of financial instruments using available market information and appropriate valuation methodologies. The carrying amounts of financial instruments, including cash, cash equivalents, accounts receivable, accounts payable, accrued liabilities, and short-term borrowings approximates fair value due to the short maturity of these instruments. Rates currently available to the Organization for debt with similar terms and remaining maturities are used to estimate fair value of existing debt. The Organization uses quoted market prices for its long-term debt when traded as an asset in an active market. When quoted market prices are not available, fair value of long-term debt is estimated using an expected present value technique.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Property and Equipment

Property and equipment are recorded at cost, or if donated, at fair value at the time of the donation. Depreciation is recorded on the straight-line basis over the estimated useful life of the assets as follows:

Asset	Life
Buildings – Commercial	40 years
Buildings – Residential	27.5 years
Building improvements	20 years
Leasehold improvements	The lesser of twenty years, or the remainder of the lease
Furniture, equipment, and vehicles	3-10 years

Equipment granted by certain contracts remains the property of the awarding agency. To conform to the requirements of state financing agencies, the Organization capitalizes equipment received/purchased through grants/contracts and depreciates the related assets in accordance with the Organization's policies.

Expenditures for maintenance and repairs are charged to expenses, whereas major betterments are capitalized.

When assets are disposed, sold or retired, the related costs and accumulated depreciation are removed from the respective accounts and any resulting gain or loss is reported and charged to non-operating activities on the consolidated statements of activities. During the years ended June 30, 2013 and 2012, the Organization reported a net loss from the disposal of property and equipment totaling $53,712 and $33,338, respectively.

Costs associated with on-going projects are accumulated as construction in progress until completion. The completed asset is then reclassified to property and equipment and depreciated over its estimated useful life once placed in service.

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management assesses the recoverability of long-lived assets by comparing the estimated undiscounted cash flows associated with the related asset or group of assets against their respective carrying amounts. The amount of impairment, if any, is calculated based on the excess of the carrying amount over the fair value of those assets. The Organization had no impairment of its long-lived assets for the years ended June 30, 2013 and 2012.

Assets Whose Use is Limited

Assets whose use is limited represent funds held in escrow for individuals served, bond agreements, and capital advance agreements. These funds consist of mutual funds, treasury notes and cash accounts, and are recorded at fair value as of June 30, 2013 and 2012.

Deferred Financing Costs

Financing costs of obtaining long-term debt are capitalized and are being amortized over the period the obligations are outstanding using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Other Assets

Other assets as of June 30, 2013 and 2012 consist of security deposits paid to various landlords for leased properties.

Goodwill

The Organization accounts for acquisitions pursuant to ASC 958-805, *Not-for-Profit Entities, Business Combinations*. Goodwill in such acquisitions represents the excess of the cost of a business acquired over the net of the amounts assigned to assets acquired, including identifiable intangible assets, and liabilities assumed. Amounts assigned to goodwill were determined with the assistance of an independent appraiser using a market approach.

Goodwill is tested for impairment on an annual basis or when specific circumstances dictate, between annual tests. When impaired, the carrying value of goodwill is written down to fair value. The goodwill impairment test involves a two-step process. The first step, identifying a potential impairment, compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying value of the reporting unit exceeds its fair value, the second step would need to be conducted; otherwise, no further steps are necessary as no potential impairment exists. The second step, measuring the impairment loss, compares the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. Any excess of the reporting unit goodwill carrying value over the respective implied fair value is recognized as an impairment loss. The Organization has an unconditional option to assess qualitative factors before performing the two-step impairment test. If the Organization chooses to assess qualitative factors, the Organization would assess relevant events and circumstances that could affect the fair value of the reporting unit, such as those in FASB ASC 350, *Intangibles – Goodwill and Other*. If, after assessing the qualitative factors, the Organization determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then the two-step goodwill impairment test is unnecessary. If the Organization determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the two-step impairment test should be used to identify potential goodwill impairment and measure the amount of a goodwill impairment loss to be recognized (if any). If desired, the Organization may bypass the qualitative assessment described for any reporting unit in any period and proceed directly to performing the two-step goodwill impairment test. During the year ended June 30, 2013, management does not believe any impairment of goodwill has occurred.

Other Accrued Expenses

Effective July 1, 2012, the Organization is partially self insured under its workers' compensation insurance program. The Organization records an insurance reserve for the self insurance portion of claims and maintains stop loss coverage on an individual and aggregate annual claim basis. Management estimates its reserve based on an analysis of claim history, claim lag periods and current status of open claims. Included in other accrued expenses in the accompanying consolidated statements of financial position is a self-insured reserve totaling approximately $206,000 as of June 30, 2013.

Revenue Recognition

The Organization recognizes revenue when there is persuasive evidence of an arrangement, services have been rendered, the fee is fixed or determinable, and collectibility is reasonably assured. Amounts billed or collected prior to satisfying the Organization's revenue recognition policy are reflected as deferred revenue.

Vinfen Corporation and Affiliates
Notes to Consolidated Financial Statements
Years Ended June 30, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Revenue Recognition…continued

The majority of the Organization's clients are supported by state funded agencies through the Commonwealth of Massachusetts and the State of Connecticut. Vinfen is subject to the regulations and rate formulas of the Massachusetts Executive Office for Administration and Finance Operational Services Division ("OSD"). Revenue is recorded at Vinfen's rates of reimbursement as certified by OSD.

Excess of revenue over expenses from Commonwealth of Massachusetts supported programs, up to certain defined limits, can be utilized by Vinfen for expenditures in accordance with its exempt purposes, provided such expenditures are reimbursable under OSD regulations. Amounts in excess of these limits are subject to negotiated use or potential recoupment, and are reported as liabilities. There were no amounts in excess of these limits as of June 30, 2013 and 2012.

As of June 30, 2013 and 2012, approximately 77% and 73%, respectively, of Vinfen of Connecticut's funding is subject to a cost settlement process. The process entails matching the amount funded by the Connecticut Department of Developmental Services to actual reimbursable costs. Amounts received in excess of costs are to be refunded to the State with certain adjustments. Management does not believe there are any amounts to be refunded to the State of Connecticut as of June 30, 2013 and 2012.

Contributions

Contributions are recognized in the period received. Contributions of assets other than cash are recorded at their estimated fair value. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 consolidated statements of activities as net assets released from restrictions.

Income Taxes

The Organization is qualified under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Organization is subject to federal and state income taxes on unrelated business income, if any.

The Organization follows the FASB guidance, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Management believes that the Organization has no material uncertainties in income taxes. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S., federal, state or local tax authorities for fiscal years before 2010. The Organization will account for interest and penalties related to uncertain tax positions, if any, as part of operating expenses.

Advertising

Advertising costs are expensed as incurred.

Vinfen Corporation and Affiliates

Notes to Consolidated Financial Statements
Years Ended June 30, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…continued

Operating Activities

The consolidated statements of activities reflect a subtotal for the change in net assets from operations. This subtotal reflects revenues that the Organization received for operating purposes and all operating expenses. Non-operating activity reflects all other activity, including but not limited to the gain/loss on the sale/disposal of assets, change in the value of its interest rate swap contract, and the loss on discontinued operations.

Recently Issued Accounting Pronouncements

In October 2013, the FASB issued Accounting Standards Update (ASU) No. 2012-05, *Statement of Cash Flows (Topic 230): Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows.* The amendments requires a not-for-profit entity to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any not-for-profit entity-imposed limitations for sale and were converted nearly immediately into cash. Accordingly, the cash receipts from the sale of those financial assets should be classified as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash flows from financing activities. Otherwise, cash receipts from the sale of donated financial assets should be classified as cash flows from investing activities. This guidance is effective prospectively for fiscal years, and interim periods within those years, beginning after June 15, 2013. The Organization is currently evaluating the impact of this amendment on the consolidated financial statements.

Reclassifications

Certain reclassifications have been made to the 2012 consolidated financial statements to conform to 2013 presentation.

3. ACQUISITIONS

On September 30, 2012, Merrimack and Westland came under the control of Vinfen through common board members and management. As a result, the transaction was subject to acquisition accounting under GAAP as required. No consideration was transferred by Vinfen as part of the change of control. As a result of liabilities acquired exceeding assets acquired, goodwill was recorded totaling $798,856.

Following is a summary of the fair value of the assets and liabilities acquired from Merrimack and Westland on September 30, 2012, the acquisition date.

Assets	Merrimack	Westland	Total
Cash	$ 9,830	$ 994	$ 10,824
Accounts receivable	1,773	1,753	3,526
Property	875,000	700,000	1,575,000
Assets whose use is limited	64,517	17,193	81,710
Goodwill	287,729	511,127	798,856
	$ 1,238,849	$ 1,231,067	$ 2,469,916

Vinfen Corporation and Affiliates
Notes to Consolidated Financial Statements
Years Ended June 30, 2013 and 2012

3. ACQUISITIONS…continued

Liabilities	Merrimack	Westland	Total
Accounts payable	$ 75,000	$ 38,000	$ 113,000
Other accrued expenses	4,018	893	4,911
Long-term debt	343,522	549,962	893,484
Capital advances	814,600	641,100	1,455,700
Other liabilities	1,709	1,112	2,821
	1,238,849	1,231,067	2,469,916
Net Assets			
Net assets acquired	-	-	-
Total net assets and liabilities	$ 1,238,849	$ 1,231,067	$ 2,469,916

Total revenue earned by Merrimack and Westland from October 1, 2012 through June 30, 2013 was approximately $68,000 and $41,000, respectively.

Following is a summary of Vinfen Corporation and Affiliates total revenues, gains and other support and changes in net assets had the acquisitions taken place as of July 1, 2011 for the years ended June 30:

	2013	2012
Revenues, gains and other support	$ 123,127,000	$ 116,071,000
Changes in net assets:		
Unrestricted	$ 2,404,000	$ 1,871,000
Temporarily restricted	252,000	140,000
	$ 2,656,000	$ 2,011,000

4. ASSETS WHOSE USE IS LIMITED

Assets whose use is limited is comprised of the following as of June 30:

	2013	2012
Debt service reserve funds	$ 1,460,613	$ 1,446,960
Client funds	2,128,159	2,285,575
Replacement reserve funds	167,756	71,281
	3,756,528	3,803,816
Less - current	2,460,925	2,606,196
Long-term	$ 1,295,603	$ 1,197,620

5. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of June 30:

	2013	2012
Land	$ 8,397,643	$ 7,299,351
Buildings and improvements	42,731,322	36,248,463
Furniture, equipment, and vehicles	9,782,735	9,323,728
Construction in progress	146,431	429,160
	61,058,131	53,300,702
Less - accumulated depreciation and amortization	(21,190,947)	(18,816,749)
	$ 39,867,184	$ 34,483,953

Construction in progress represents costs incurred in connection with various construction projects to support program operations. The estimated remaining costs to complete these projects is $2,740,000. These projects are expected to be completed by June 2014.

6. DEFERRED FINANCING COSTS

The costs of obtaining long-term debt were capitalized and are being amortized over the period the obligations are outstanding using the effective interest rate method and consist of the following at June 30:

	Amortization Period	2013	2012
Bond issuance costs (net of accumulated amortization of $551,216 and $502,438 as of June 30, 2013 and 2012, respectively).	10-30 years	$ 472,800	$ 521,578
Term loan issuance costs (net of accumulated amortization of $24,094 and $17,861 as of June 30, 2013 and 2012, respectively).	5-30 years	45,798	52,031
		$ 518,598	$ 573,609

These costs will be fully amortized subsequent to year end as part of the debt refinancing, as described in Note 20.

7. LINES OF CREDIT

Vinfen had an asset purchase line of credit with a $2,000,000 borrowing limit from a bank. The asset purchase line of credit bore interest at the London Interbank Offered Rate (“LIBOR”) plus 170 basis points (1.95% as of June 30, 2012) and expired on September 30, 2012. There were no borrowings on this line of credit as of June 30, 2012.

Vinfen has a demand working capital line of credit with a $3,000,000 borrowing limit from a bank. The agreement requires that letter of credit issuances be deducted from the available borrowing limit ($425,000 as of June 30, 2013 and 2012, respectively). The working capital line of credit bears interest at LIBOR plus 250 basis points (2.69% and 2.75% as of June 30, 2013 and 2012, respectively) and is subject to an annual bank review on December 31. There were no borrowings on this line of credit as of June 30, 2013 and 2012, respectively. This agreement was modified as a part of the subsequent refinancing that occurred in July 2013 as described in Note 20.

Vinfen Corporation and Affiliates

Notes to Consolidated Financial Statements
Years Ended June 30, 2013 and 2012

7. LINES OF CREDIT…continued

The agreement is secured by accounts receivable and contains covenants that require Vinfen to maintain minimum ratios of debt service coverage and liabilities to total tangible net assets. Management had determined that the Organization is in compliance with these financial covenants.

8. LONG-TERM DEBT

Long-term debt consists of the following as of June 30:

	2013	2012
In November 1998, Vinfen issued $16,515,000 of Series A tax-exempt bonds through the Massachusetts Health and Educational Facilities Authority ("Mass HEFA"). The proceeds from the sale of the Series A Bonds provided for the defeasance of a 1994 bond issue. Additional proceeds were used for refinancing mortgages on Vinfen's properties, acquisition of a building, the upgrade of Vinfen's computer systems, and repair and renovation of properties. The interest rate on the 1998 Mass HEFA Series A Bonds varies between 4.0% and 5.3% based on their maturities. Interest payments are to be made semiannually in May and November. The bonds are redeemable at Vinfen's option at fair value. Vinfen granted the holders of the Series A Bonds a lien on gross revenues and receipts to the extent necessary to ensure payment of annual debt service requirements. The Master Trust Indenture agreement contains certain financial covenants which include the maintenance of a debt service coverage ratio of at least 1.15. Management has determined that the Organization is in compliance with these financial covenants. The bonds were redeemed on July 25, 2013 through the issuance of new bonds as described in Note 20.	$ 11,410,000	$ 11,870,000
On December 1, 2010, Vinfen refinanced its outstanding Mass HEFA Variable Rate Demand Revenue Bonds in the amount of $5,235,409 and bank long-term debt and construction line of credit debt totaling $3,367,571 with Massachusetts Development Finance Agency ("MDFA") Revenue Bonds, Vinfen Corporation Issue, Series 2010 ("MDFA Series Bonds") in the amount of $8,758,000. The interest rate on the MDFA Series Bonds is 68% of LIBOR plus 2.85% (2.07% and 2.10% as of June 30, 2013 and 2012, respectively). The MDFA Bonds were privately placed with a bank as the holder. The agreement contains certain financial covenants which include the maintenance of a debt service coverage ratio of at least 1.25 and a leverage ratio not to exceed 3.5. Management has determined that the Organization is in compliance with these financial covenants. The bonds were redeemed on July 25, 2013 through the issuance of new bonds as described in Note 20.	8,068,600	8,353,600
Balance forward	19,478,600	20,223,600

Vinfen Corporation and Affiliates

Notes to Consolidated Financial Statements
Years Ended June 30, 2013 and 2012

8. LONG-TERM DEBT…continued

	2013	2012
Balance forward	$19,478,600	$20,223,600
Since 1998, the Organization has received nine loans from CEDAC for the purpose of renovating nine properties located in Massachusetts. These loans mature on various dates ranging from October 2028 to May 2042. All loans can be extended by CEDAC upon maturity for additional periods of up to 10 years, as long as the property is providing low income housing to disabled individuals and it is determined that a need exists in the community for this housing. Principal payments are not required until maturity. The rate of interest on these loans are 0%. These loans are collateralized by mortgages on the properties	3,725,485	2,294,294
In 2009, Vinfen of Connecticut received a real estate loan from a bank. The loan is guaranteed by Vinfen Corporation and is secured by mortgages on four residential facilities. The loan has a 5.38% fixed interest rate with monthly principal and interest payments of $6,130 over a 59 month period. The loan was refinanced subsequent to June 30, 2013 as described in Note 20.	788,129	817,809
In 2009, Vinfen of Connecticut received a real estate loan from an individual. The loan was secured by a mortgage on a commercial office building. The loan had a 5.00% fixed interest rate with monthly principal and interest payments of $8,305 through September 2019. The loan was refinanced subsequent to June 30, 2013 as described in Note 20.	533,992	605,014
In 2010, Vinfen of Connecticut received a real estate loan from a bank. The loan was guaranteed by Vinfen Corporation and was secured by a mortgage on a residential facility. The loan's interest rate is LIBOR plus 1.75% (1.94% and 1.96% as of June 30, 2013 and 2012, respectively) and required monthly principal and interest payments of $1,120 over a 59 month period. The loan was refinanced subsequent to June 30, 2013 as described in Note 20.	194,132	203,621
In 2010, Vinfen and Vinfen of Connecticut entered into two Small Business Energy Advantage loans with 0% interest. The loans were repaid during the year ended June 30, 2013.	-	4,886
Total long-term debt	24,720,338	24,149,224
Less - current portion	(1,383,649)	(859,960)
Long-term debt, net of current portion	$ 23,336,689	$ 23,289,264

Vinfen Corporation and Affiliates

Notes to Consolidated Financial Statements
Years Ended June 30, 2013 and 2012

8. LONG-TERM DEBT…continued

Maturities of long-term debt are as follows for the years ending June 30:

2014	$ 1,383,649
2015	1,495,152
2016	1,541,664
2017	1,596,001
2018	1,649,268
Thereafter	17,054,604
Total long-term debt	$ 24,720,338

The maturities of long-term debt for the years ended June 30, 2014 through 2018 reflect the long-term debt refinancing subsequent to June 30, 2013, as described in Note 20.

The fair market value of outstanding long-term debt approximated $24,720,000 and $24,150,000 as of June 30, 2013 and 2012, respectively, based on quoted market prices of similar issues.

9. CAPITAL LEASES

In July 2012, the Organization entered into five capital lease obligations for the acquisition of vehicles. The leases terms range from thirty-six months to forty-eight months, and require fixed monthly payments ranging from $765 to $987, which include principal, interest (ranging from 6.9% to 7.8% per year), and executory costs (taxes, insurance, maintenance reserve, title and license registration). The leases expires in June of 2015 at which point the Organization is required to purchase the assets.

The leased vehicles are included in the Organization's consolidated statements of financial position and depreciated in the same manner as its other fixed assets. The net book value of the leased vehicles at June 30, 2013 was $105,522. The current and long-term installments on the capital lease obligations are included in other accrued expenses and other liabilities in the consolidated statements of financial position, respectively.

Total capital lease obligations	$ 93,746
Less - current installments	31,338
Capital lease obligations, net of current installments	$ 62,408

The future minimum lease payments are as follows for the years ending June 30:

2014	$ 48,564
2015	48,564
2016	37,485
Total minimum lease payments	134,613
Less – executory costs	(30,879)
Net minimum lease payments	103,734
Less – amounts representing interest	(9,988)
Present value of minimum lease payments	$ 93,746

Vinfen Corporation and Affiliates

Notes to Consolidated Financial Statements
Years Ended June 30, 2013 and 2012

10. INTEREST RATE SWAP

On December 1, 2010, Vinfen entered into an interest rate swap agreement for the MDFA Series 2010 bonds. This agreement locks in the interest cash outflow at a fixed rate of 2.98%. The notional amount for this agreement was $7,147,200 and $7,399,800 as of June 30, 2013 and 2012, respectively. The swap agreement is recorded within other liabilities at fair value on the consolidated statements of financial position. The fair value of the interest rate swap agreement was a liability of $716,131 and $1,062,822 as of June 30, 2013 and 2012, respectively. The interest rate swap agreement liability was settled by the Organization on July 25, 2013 with proceeds from the bond refinancing described in Note 20. Current liabilities as of June 30, 2013 reflect the amount due by the Organization as of June 30, 2014 under the terms of the refinancing as described in Note 8.

The fair values of derivative instruments are as follows as of June 30:

	Liability Derivatives		
	Balance Sheet Location	Fair Value 2013	Fair Value 2012
Derivative not designated as hedging instruments:			
Interest rate swap	Other liabilities	$ 716,131	$ 1,062,822

The effect on the consolidated statements of activities consists of the following as of June 30:

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Activities Recognized From Derivative	Amount Recognized for 2013	Amount Recognized for 2012
Interest rate swap	Non-operating income (expense)	$ 346,691	$ (499,094)

11. CAPITAL ADVANCES

Capital advances consist of the following as of June 30, 2013 and 2012:

In 2004, HUD provided capital advances for renovations of three facilities (Larchmont, Forest, and Plain) totaling $1,215,800 as of June 30, 2013 and 2012. These advances bear interest at 5.375%. Interest and principal will be forgiven as long as the properties are used to serve disabled people for a period of forty years (2044 and 2045), under the provision of Section 811 of the National Housing Act of 1990. These advances are collateralized by mortgages on the properties.

In 2006, HUD provided a capital advance for the acquisition and renovation of a facility (Westland) totaling $641,100 as of June 30, 2013. This advance bears interest at 5.375%. Interest and principal will be forgiven as long as the property is used to serve disabled people for a period of forty years (2046), under the provision of Section 811 of the National Housing Act of 1990. This advance is collateralized by a mortgage on the property.

Vinfen Corporation and Affiliates
Notes to Consolidated Financial Statements
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11. CAPITAL ADVANCES...continued

In 1999, HUD provided a capital advance for the acquisition and renovation of a facility (Merrimack) totaling $814,600 as of June 30, 2013. This advance bears interest at 6.75%. Interest and principal will be forgiven as long as the property is used to serve disabled people for a period of forty years (2039), under the provision of Section 811 of the National Housing Act of 1990. This advance is collateralized by a mortgage on the property.

The State of Connecticut provided Vinfen of Connecticut with working capital advances for two new programs in 2006 and one new program in 2009 totaling $111,628 as of June 30, 2013 and 2012. These advances have no formal repayment terms.

Management does not anticipate any principal payments on these advances during the succeeding five years.

12. RETIREMENT PLANS

The Organization has a retirement savings plan (the “Plan”) covering all eligible employees. Annual contributions to the Plan are at the discretion of the Board of Directors and can vary among the consolidated entities that participate in the Plan. The Plan does not allow for employee contributions. Employer contributions, with earnings thereon, are 100% vested over the participants’ first five years of service.

For the years ending June 30, 2013 and 2012, the Organization accrued contributions ranging from 3% to 9% of annual salaries for all eligible participants to the Plan.

The funding for the fiscal year 2012 contribution to the Plan was made in March 2013. The funding for the fiscal year 2013 contribution to the plan is expected to be made in February 2014.

Retirement savings expense amounted to $1,617,339 and $2,308,337 for the years ended June 30, 2013 and 2012, respectively.

In addition, Vinfen has a 403(b) tax deferred retirement plan for all of its employees. Under the plan, employees may contribute up to the Internal Revenue Service indexed maximum amount for each calendar year. Vinfen does not contribute to this plan.

13. COMMITMENTS AND CONTINGENCIES

Vinfen leases facilities, motor vehicles, and other equipment. Future minimum lease payments under these leases are as follows for the years ending June 30:

	Facilities	Vehicles	Equipment	Total
2014	$ 4,570,872	$ 1,214,109	$ 66,262	$ 5,851,243
2015	2,860,927	852,077	7,200	3,720,204
2016	2,104,319	504,053	3,636	2,612,008
2017	1,713,598	248,901	277	1,962,776
2018	1,160,816	35,649	-	1,196,465
Thereafter	791,011	-	-	791,011
	$ 13,201,543	$ 2,854,789	$ 77,375	$ 16,133,707

Total lease expense under all leases for the years ended June 30, 2013 and 2012 totaled $7,954,641 and $7,614,913, respectively.

Vinfen Corporation and Affiliates

Notes to Consolidated Financial Statements
Years Ended June 30, 2013 and 2012

14. NET ASSETS RELEASED FROM RESTRICTIONS

During the years ended June 30, 2013 and 2012, net assets totaling $208,747 and $111,174, respectively, were released from temporary donor restrictions by incurring expenses which satisfied the restricted purposes or by the occurrence of events specified by the donors.

15. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are comprised of the following as of June 30:

	2013	2012
Contributions with purpose restrictions:		
Director Scholarships	$ 7,685	$ 13,685
Gateway Arts Program	603,737	392,950
Funds to support services above and beyond contractual funding	200,336	147,267
Bronstein Respite	75,756	75,756
Citizens Recovery Grant – Recovery Learning Center	9,276	14,611
Friends of Metro Boston Support	19,643	20,594
Other	5,810	5,785
	$ 922,243	$ 670,648

16. FAIR VALUE MEASUREMENT

The following tables summarize the Organization's assets and liabilities measured at fair value on a recurring basis as of June 30:

	Assets/Liabilities Measured at Fair Value on a Recurring Basis			
	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	2013
Assets whose use is limited:				
United States Treasury Notes	$ 1,126,339	$ -	$ -	$ 1,126,339
Federated Government Obligation Fund	332,766	-	-	332,766
	$ 1,459,105	$ -	$ -	$ 1,459,105
Other liabilities:				
Interest rate swap liability	$ -	$ 716,131	$ -	$ 716,131

16. FAIR VALUE MEASUREMENT…continued

	Assets/Liabilities Measured at Fair Value on a Recurring Basis			
	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	2012
Assets whose use is limited:				
United States Treasury Notes	$ 1,095,145	$ -	$ -	$ 1,095,145
Federated Government Obligation Fund	320,621	-	-	320,621
	$ 1,415,766	$ -	$ -	$ 1,415,766
Other liabilities:				
Interest rate swap liability	$ -	$ 1,062,822	$ -	$ 1,062,822

The valuation of the Organization's derivative financial instrument (interest rate swap contract) is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash payments (or receipts) and the discounted expected variable cash receipts (or payments). The variable cash receipts (or payments) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. As a result, the Organization has determined that its derivative valuation is classified in Level 2 of the fair value hierarchy.

17. LEGAL MATTERS

The Organization is subject to certain legal proceedings and claims which arise in the ordinary course of conducting its activities. In the opinion of management, the Organization has sufficient insurance coverage, defensible positions and any ultimate liabilities will not materially affect the financial position of the Organization.

18. DISCONTINUED OPERATIONS

Vinfen was the sole member of Family Rehabilitation Services, Inc. ("Hancock Manor"), a nonprofit corporation formed in February 1992 to acquire and operate a 72-bed skilled nursing home in Dorchester, Massachusetts. Hancock Manor ceased operations on April 13, 2009. The ceasing of operations was accounted for and presented in the consolidated statements of activities as discontinued operations, and amounted to a gain of $7,619 for the year ended June 30, 2012. In September 2012, Hancock Manor was merged into Vinfen Corporation. As a result, Hancock Manor contributed to Vinfen its net assets totaling $25,843.

In January 2005, Vinfen formed Olmsted Green Skilled Nursing Facility, Inc. ("Olmsted Green SNF"), a not-for-profit corporation for the purpose of building and operating a 123-bed nursing facility to replace the 72-bed Hancock Manor. Olmsted Green SNF was recognized as a 501 (c)(3) organization on July 31, 2007. On October 3, 2007, the Organization signed a commitment to purchase land located on the site formerly known as Boston State Hospital in Mattapan, Massachusetts, and obtained Determination of Need approval on May 28, 2008. In 2009, Vinfen decided not to pursue financing nor construction of Olmsted Green SNF due to uncertainty of the HUD financing. In 2012, the Organization sold its nursing bed licenses along with its Determination of Need approval which resulted in a net loss of $61,526. This amount is reported in gain (loss) on disposal/sale of assets in the consolidated statements of activities. In September 2012, Olmsted Green SNF was merged into Vinfen Corporation.

Vinfen Corporation and Affiliates

Notes to Consolidated Financial Statements
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19. MERGERS

In September 2012, the Organization merged several of its inactive affiliates into Vinfen Corporation. In addition to those disclosed in Note 18, Vinfen Housing Corporation, Vinfen Housing at Olmsted Green, Inc., and Vinfen Clinical Services, Inc. were also merged into Vinfen Corporation.

20. SUBSEQUENT EVENTS

On July 25 2013, Vinfen refinanced its 1998 and 2010 Bonds with a MDFA tax-exempt revenue bond, Vinfen Corporation issue, Series 2013 (2013 Bond) totaling $24,000,000, amended its working capital demand line of credit agreement and obtained a $5,000,000 real estate line of credit. The refinancing included the defeasance of both the 1998 and 2010 series bonds totaling $18,087,878, net of bond escrow reserves, the settlement of the associated interest rate swap contract totaling approximately $730,000, deferred financing costs of approximately $250,000, and funding of a project cash fund of approximately $4,935,000 to be applied to completed and planned construction projects. The interest rate on the 2013 Bonds is fixed at 3.23%. The bond is amortized over a fifteen year period, with a ten year term, requiring monthly payments of principal and interest totaling $168,407. The 2013 Bond was privately placed with a bank and the remaining unamortized bond of approximately $9,600,000 will be required to be purchased by Vinfen on July 25, 2023. In addition, Vinfen renewed its $3,000,000 working capital demand line of credit. The demand line of credit bears interest at LIBOR plus 1.5% and its borrowing capacity is reduced by any outstanding letters of credit. The real estate line of credit bears interest at LIBOR plus 1.5%. All three agreements are associated with a continuing covenants agreements which includes minimum ratios of debt service coverage and liabilities to total tangible net assets. The agreements are secured by various mortgages and accounts receivable.

On October 21, 2013, Vinfen of Connecticut refinanced its existing three real estate loans in addition to financing a fiscal year 2013 group home development at 85 Birch Street, Manchester, Connecticut. The financing was comprised of two real estate loans of approximately $1,400,000 and $510,000, respectively. The $1,400,000 and $510,000 loans have fixed interest rates of 3.09% and 3.74%, respectively and fully amortize over their 10 year and 6 year terms, respectively. The loans are guaranteed by Vinfen Corporation and are secured by real estate.

In July 2013, Vinfen increased its letter of credit arrangement with its bank from $425,000 to $850,000 to satisfy an insurance policy requirement.

In October 2013, Mental Health Resources Plus, Inc. (“MHRP”) and Garden Street Apartments, Inc. (“GSA”), affiliated not-for-profit entities, entered into memorandums of understanding with Vinfen for the purpose of transferring control of their respective entities to Vinfen as Vinfen possesses the service contracts for the clients being supported and housed by facilities owned by MHRP and GSA. Vinfen, MHRP, and GSA deemed it prudent for Vinfen to assume control of each entity by having each of their board of directors’ replaced with members from Vinfen’s board of directors. This transfer of control is subject to consent from HUD, CEDAC, and the Massachusetts North Shore Home Consortium.

The fair value of MHRP and GSA’s combined assets are estimated to be $2,100,000 and the combined liabilities were estimated to be $1,300,000. A formal valuation process is currently underway for the real estate in each of these entities and management does not expect the fair value of the assets and liabilities to materially different from the estimated value.

The Organization has evaluated subsequent events through November 12, 2013, which is the date these financial statements were issued.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Vinfen Corporation and Affiliates
Cambridge, Massachusetts

We have audited the consolidated financial statements of Vinfen Corporation and Affiliates (the “Organization”) as of and for the years ended June 30, 2013 and 2012, and have issued our report thereon, dated November 12, 2013, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole.

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

McGladrey LLP

Boston, Massachusetts
November 12, 2013

Vinfen Corporation and Affiliates

Consolidating Statement of Financial Position
June 30, 2013

	Vinfen Corporation	Vinfen Corporation of Connecticut, Inc.	Travis Corporation	Vinfen Corporation of Larchmont, Inc.	Vinfen Corporation of Forest, Inc.	Vinfen Corporation of Plain, Inc.	Merrimack Housing Corporation	Westland Community Housing Corporation	Eliminations	Totals
ASSETS										
Current assets:										
Cash and cash equivalents	$ 6,926,325	$ 846,762	$ -	$ 1,295	$ 518	$ 899	$ 1,416	$ 1,677	$ -	$ 7,778,892
Accounts receivable, net	9,265,525	749,066	18,465	-	-	4,128	14,137	2,104	(8,676)	10,044,749
Assets whose use is limited	2,382,565	78,360	-	-	-	-	-	-	-	2,460,925
Prepaid expenses and other current assets	453,891	17,237	-	-	-	-	-	-	-	471,128
Total current assets	19,028,306	1,691,425	18,465	1,295	518	5,027	15,553	3,781	(8,676)	20,755,694
Property and equipment:										
Land	7,400,158	455,721	-	36,466	52,342	4,912	213,850	272,300	(38,106)	8,397,643
Buildings and improvements	36,747,560	3,019,789	-	675,266	612,578	587,279	661,150	427,700	-	42,731,322
Furniture, equipment, and vehicles	9,041,685	592,240	121,406	3,538	2,080	21,786	-	-	-	9,782,735
Construction in progress	142,341	4,090	-	-	-	-	-	-	-	146,431
	53,331,744	4,071,840	121,406	715,270	667,000	613,977	875,000	700,000	(38,106)	61,058,131
Less - accumulated depreciation and amortization	(19,374,562)	(1,058,365)	(119,735)	(209,268)	(189,131)	(210,190)	(18,031)	(11,665)	-	(21,190,947)
	33,957,182	3,013,475	1,671	506,002	477,869	403,787	856,969	688,335	(38,106)	39,867,184
Assets whose use is limited	1,139,312	-	-	25,442	22,985	18,341	70,388	19,135	-	1,295,603
Board designated investments	10,000,000	-	-	-	-	-	-	-	-	10,000,000
Deferred financing costs, net	506,812	5,365	-	2,474	1,978	1,969	-	-	-	518,598
Other assets	737,770	26,283	-	-	-	-	-	-	-	764,053
Goodwill	-	-	-	-	-	-	287,729	511,127	-	798,856
Due from affiliates	5,839,879	-	-	-	-	-	-	-	(5,839,879)	-
Total assets	$ 71,209,261	$ 4,736,548	$ 20,136	$ 535,213	$ 503,350	$ 429,124	$ 1,230,639	$ 1,222,378	$ (5,886,661)	$ 73,999,988
LIABILITIES AND NET ASSETS										
Current liabilities:										
Current portion of long-term debt	$ 1,206,918	$ 176,731	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,383,649
Accounts payable	3,205,103	197,075	12,388	14,953	28,091	30,501	93,262	43,940	(204,561)	3,420,752
Accrued vacation	2,528,503	286,266	-	-	-	-	-	-	-	2,814,769
Other accrued expenses	7,545,192	891,609	3,536	199	245	316	945	556	-	8,442,598
Client funds	2,049,799	78,360	-	-	-	-	-	-	-	2,128,159
Total current liabilities	16,535,515	1,630,041	15,924	15,152	28,336	30,817	94,207	44,496	(204,561)	18,189,927
Long-term debt, net of current portion	20,364,041	1,339,522	-	180,857	315,302	243,483	343,522	549,962	-	23,336,689
Capital advances	-	111,628	-	502,300	356,900	356,600	814,600	641,100	-	2,783,128
Other liabilities	780,816	10,549	-	920	904	1,107	1,709	1,349	(2,931)	794,423
Due to affiliates	-	2,173,961	3,405,451	30,680	12,215	18,756	-	-	(5,641,063)	-
Total liabilities	37,680,372	5,265,701	3,421,375	729,909	713,657	650,763	1,254,038	1,236,907	(5,848,555)	45,104,167
Net assets:										
Unrestricted	32,610,469	(532,976)	(3,401,239)	(194,696)	(210,307)	(221,639)	(23,399)	(14,529)	(38,106)	27,973,578
Temporarily restricted	918,420	3,823	-	-	-	-	-	-	-	922,243
Total net assets	33,528,889	(529,153)	(3,401,239)	(194,696)	(210,307)	(221,639)	(23,399)	(14,529)	(38,106)	28,895,821
Total liabilities and net assets	$ 71,209,261	$ 4,736,548	$ 20,136	$ 535,213	$ 503,350	$ 429,124	$ 1,230,639	$ 1,222,378	$ (5,886,661)	$ 73,999,988

Vinfen Corporation and Affiliates

Consolidating Statement of Financial Position
June 30, 2012

	Vinfen Corporation	Vinfen Corporation of Connecticut, Inc.	Travis Corporation	Vinfen Corporation of Larchmont, Inc.	Vinfen Corporation of Forest, Inc.	Vinfen Corporation of Plain, Inc.	Family Rehabilitation Services, Inc.	Eliminations	Totals
ASSETS									
Current assets:									
Cash and cash equivalents	$ 11,445,908	$ 1,470,856	$ -	$ 1,122	$ 930	$ 257	$ 33,812	$ -	$ 12,952,885
Accounts receivable, net	6,655,188	511,791	25,307	-	-	-	815	-	7,193,101
Assets whose use is limited	2,537,356	68,840	-	-	-	-	-	-	2,606,196
Prepaid expenses and other current assets	375,776	53,151	280	-	-	-	-	-	429,207
Total current assets	21,014,228	2,104,638	25,587	1,122	930	257	34,627	-	23,181,389
Property and equipment:									
Land	6,838,948	404,789	-	36,466	52,342	4,912	-	(38,106)	7,299,351
Buildings and improvements	31,917,255	2,456,085	-	675,266	612,578	587,279	-	-	36,248,463
Furniture, equipment, and vehicles	8,649,115	525,803	121,406	3,538	2,080	21,786	-	-	9,323,728
Construction in progress	429,160	-	-	-	-	-	-	-	429,160
	47,834,478	3,386,677	121,406	715,270	667,000	613,977	-	(38,106)	53,300,702
Less - accumulated depreciation and amortization	(17,252,893)	(908,363)	(116,528)	(184,406)	(166,741)	(187,818)	-	-	(18,816,749)
	30,581,585	2,478,314	4,878	530,864	500,259	426,159	-	(38,106)	34,483,953
Assets whose use is limited	1,134,253	-	-	24,336	22,160	16,871	-	-	1,197,620
Board designated investments	10,000,000	-	-	-	-	-	-	-	10,000,000
Deferred financing costs, net	556,805	10,178	-	2,554	2,041	2,031	-	-	573,609
Other assets	541,601	24,013	-	-	-	-	-	-	565,614
Due from affiliates	5,618,991	-	-	-	-	-	-	(5,618,991)	-
Total assets	$ 69,447,463	$ 4,617,143	$ 30,465	$ 558,876	$ 525,390	$ 445,318	$ 34,627	$ (5,657,097)	$ 70,002,185
LIABILITIES AND NET ASSETS									
Current liabilities:									
Current portion of long-term debt	$ 745,000	$ 114,960	$ -	$ -	$ -	$ -	$ -	$ -	$ 859,960
Accounts payable	2,300,504	83,732	25,528	10,417	22,540	19,445	-	(48,267)	2,413,899
Accrued vacation	2,295,867	269,743	-	-	-	-	-	-	2,565,610
Other accrued expenses	9,107,119	846,033	1,035	547	104	463	6,784	-	9,962,085
Client funds	2,216,735	68,840	-	-	-	-	-	-	2,285,575
Total current liabilities	16,665,225	1,383,308	26,563	10,964	22,644	19,908	6,784	(48,267)	18,087,129
Long-term debt, net of current portion	21,033,252	1,516,370	-	180,857	315,302	243,483	-	-	23,289,264
Capital advances	-	111,628	-	502,300	356,900	356,600	-	-	1,327,428
Other liabilities	1,073,744	1,361	-	1,117	903	1,106	-	(3,126)	1,075,105
Due to affiliates	-	2,287,581	3,216,366	30,680	12,215	18,756	2,000	(5,567,598)	-
Total liabilities	38,772,221	5,300,248	3,242,929	725,918	707,964	639,853	8,784	(5,618,991)	43,778,926
Net assets:									
Unrestricted	30,004,594	(683,105)	(3,212,464)	(167,042)	(182,574)	(194,535)	25,843	(38,106)	25,552,611
Temporarily restricted	670,648	-	-	-	-	-	-	-	670,648
Total net assets	30,675,242	(683,105)	(3,212,464)	(167,042)	(182,574)	(194,535)	25,843	(38,106)	26,223,259
Total liabilities and net assets	$ 69,447,463	$ 4,617,143	$ 30,465	$ 558,876	$ 525,390	$ 445,318	$ 34,627	$ (5,657,097)	$ 70,002,185

Vinfen Corporation and Affiliates

Consolidating Statement of Activities
Year Ended June 30, 2013

	Vinfen Corporation	Vinfen Corporation of Connecticut, Inc.	Travis Corporation	Vinfen Corporation of Larchmont, Inc.	Vinfen Corporation of Forest, Inc.	Vinfen Corporation of Plain, Inc.	Merrimack Housing Corporation	Westland Community Housing Corporation	Family Rehabilitation Services, Inc.	Eliminations	Totals
Revenues and other support:											
Contract revenue	$ 100,757,962	$ 13,604,494	$ 248,338	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 114,610,794
Client fees	5,058,428	751,878	3,453	-	-	-	-	-	-	-	5,813,759
Rental subsidies	1,514,912	-	-	34,488	28,517	23,501	40,750	25,734	-	-	1,667,902
Contributions and grants	483,172	6,223	-	-	-	-	-	-	-	(25,843)	463,552
Investment income	5,005	-	-	30	39	29	25	29	-	-	5,157
Other operating revenue	382,085	38,854	21,605	18,504	12,331	13,075	26,766	15,666	-	-	528,886
Management fee	1,046,956	-	-	-	-	-	-	-	-	(1,046,956)	-
Total revenues and other support	109,248,520	14,401,449	273,396	53,022	40,887	36,605	67,541	41,429	-	(1,072,799)	123,090,050
Expenses:											
Program services:											
Psychiatric rehabilitation	58,772,319	2,065,885	-	-	-	-	-	-	-	-	60,838,204
Developmental disabilities	36,540,417	10,369,193	-	-	-	-	-	-	-	-	46,909,610
Clinical services	-	-	414,567	-	-	-	-	-	-	-	414,567
Supported housing	-	-	-	51,495	47,642	43,460	75,559	37,612	-	-	255,768
Total program services	95,312,736	12,435,078	414,567	51,495	47,642	43,460	75,559	37,612	-	-	108,418,149
Administrative and general	11,263,607	1,812,419	47,604	29,181	20,978	20,249	15,381	18,346	-	(1,046,956)	12,180,809
Fundraising	111,509	-	-	-	-	-	-	-	-	-	111,509
Total expenses	106,687,852	14,247,497	462,171	80,676	68,620	63,709	90,940	55,958	-	(1,046,956)	120,710,467
Change in net assets from operations	2,560,668	153,952	(188,775)	(27,654)	(27,733)	(27,104)	(23,399)	(14,529)	-	(25,843)	2,379,583
Non-operating income (expense):											
Loss on sale/disposal of assets	(53,712)	-	-	-	-	-	-	-	-	-	(53,712)
Gain on interest rate swap contracts	346,691	-	-	-	-	-	-	-	-	-	346,691
Loss on discontinued operations	-	-	-	-	-	-	-	-	(25,843)	25,843	-
Total non-operating income (expense)	292,979	-	-	-	-	-	-	-	(25,843)	25,843	292,979
Change in net assets	2,853,647	153,952	(188,775)	(27,654)	(27,733)	(27,104)	(23,399)	(14,529)	(25,843)	-	2,672,562
Net assets at beginning of year	30,675,242	(683,105)	(3,212,464)	(167,042)	(182,574)	(194,535)	-	-	25,843	(38,106)	26,223,259
Net assets at end of year	$ 33,528,889	$ (529,153)	$ (3,401,239)	$ (194,696)	$ (210,307)	$ (221,639)	$ (23,399)	$ (14,529)	$ -	$ (38,106)	$ 28,895,821

Vinfen Corporation and Affiliates

Consolidating Statement of Activities
Year Ended June 30, 2012

	Vinfen Corporation	Vinfen Corporation of Connecticut, Inc.	Travis Corporation	Vinfen Corporation of Larchmont, Inc.	Vinfen Corporation of Forest, Inc.	Vinfen Corporation of Plain, Inc.	Family Rehabilitation Services, Inc.	Eliminations	Totals
Revenues and other support:									
Contract revenue	$ 95,053,290	$ 12,470,644	$ 241,113	$ -	$ -	$ -	$ -	$ -	$ 107,765,047
Client fees	5,037,400	702,097	4,339	-	-	-	-	-	5,743,836
Rental subsidies	1,540,197	-	-	39,063	28,692	19,505	-	-	1,627,457
Contributions and grants	251,009	1,946	-	-	-	-	-	-	252,955
Investment income	39,661	-	-	25	40	29	-	-	39,755
Other operating revenue	412,693	46,295	2,350	13,929	12,156	12,943	-	-	500,366
Management fee	1,053,070	-	-	-	-	-	-	(1,053,070)	-
Total revenues and other support	103,387,320	13,220,982	247,802	53,017	40,888	32,477	-	(1,053,070)	115,929,416
Expenses:									
Program services:									
Psychiatric rehabilitation	54,558,848	1,603,250	-	-	-	-	-	-	56,162,098
Developmental disabilities	34,964,924	9,745,831	-	-	-	-	-	-	44,710,755
Clinical services	-	-	423,292	-	-	-	-	-	423,292
Supported housing	-	-	-	49,854	38,809	37,177	-	-	125,840
Total program services	89,523,772	11,349,081	423,292	49,854	38,809	37,177	-	-	101,421,985
Administrative and general	10,919,208	1,773,836	54,536	33,422	24,157	23,518	-	(1,053,070)	11,775,607
Fundraising	61,880	-	-	-	-	-	-	-	61,880
Total expenses	100,504,860	13,122,917	477,828	83,276	62,966	60,695	-	(1,053,070)	113,259,472
Change in net assets from operations	2,882,460	98,065	(230,026)	(30,259)	(22,078)	(28,218)	-	-	2,669,944
Non-operating income (expense):									
Loss on sale/disposal of assets	(92,518)	(2,346)	-	-	-	-	-	-	(94,864)
Loss on interest rate swap contract	(499,094)	-	-	-	-	-	-	-	(499,094)
Gain on discontinued operations	-	-	-	-	-	-	7,619	-	7,619
Total non-operating income (expense)	(591,612)	(2,346)	-	-	-	-	7,619	-	(586,339)
Change in net assets	2,290,848	95,719	(230,026)	(30,259)	(22,078)	(28,218)	7,619	-	2,083,605
Net assets at beginning of year	28,384,394	(778,824)	(2,982,438)	(136,783)	(160,496)	(166,317)	18,224	(38,106)	24,139,654
Net assets at end of year	$ 30,675,242	$ (683,105)	$ (3,212,464)	$ (167,042)	$ (182,574)	$ (194,535)	$ 25,843	$ (38,106)	$ 26,223,259