BARRY L. PRICE REHABILITATION CENTER, INC.

D/B/A THE PRICE CENTER

FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

BARRY L. PRICE REHABILITATION CENTER, INC.
D/B/A THE PRICE CENTER

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JUNE 30, 2012 AND 2011

Alexander
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CERTIFIED PUBLIC ACCOUNTANTS
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Where Every Client Is A Valued Client

Alexander, Aronson, Finning & Co., P.C.
21 East Main Street, Westborough, MA 01581-1461 (508) 366-9100
Boston, MA (617) 205-9100 Wellesley, MA (781) 965-9100
www.aafcpa.com FAX (508) 366-9789 info@aafcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Barry L. Price Rehabilitation Center, Inc. d/b/a The Price Center:

We have audited the accompanying statements of financial position of Barry L. Price Rehabilitation Center, Inc. d/b/a The Price Center (a Massachusetts corporation, not for profit) (the Center) as of June 30, 2012 and 2011, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Barry L. Price Rehabilitation Center, Inc. d/b/a The Price Center as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Alexander, Aronson, Finning & Co., P.C.

Wellesley, Massachusetts
September 20, 2012

BARRY L. PRICE REHABILITATION CENTER, INC.
D/B/A THE PRICE CENTER

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

	2012			2011		
ASSETS	OPERATIONS	PROPERTY AND EQUIPMENT	TOTAL	OPERATIONS	PROPERTY AND EQUIPMENT	TOTAL
CURRENT ASSETS:						
Cash and cash equivalents	$ 882,951	$ -	$ 882,951	$ 661,477	$ -	$ 661,477
Investments	16,244	-	16,244	-	-	-
Accounts receivable	364,860	-	364,860	504,036	-	504,036
Prepaid expenses, deposits and other	19,286	-	19,286	28,672	-	28,672
Total current assets	1,283,341	-	1,283,341	1,194,185	-	1,194,185
INVESTMENTS	2,065,102	-	2,065,102	2,083,567	-	2,083,567
PROPERTY AND EQUIPMENT, net	-	3,054,904	3,054,904	-	2,999,894	2,999,894
Total assets	$ 3,348,443	$ 3,054,904	$ 6,403,347	$ 3,277,752	$ 2,999,894	$ 6,277,646
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Current portion of mortgage notes payable	$ -	$ 41,436	$ 41,436	$ -	$ 39,417	$ 39,417
Accounts payable and accrued expenses	277,387	-	277,387	244,785	-	244,785
Total current liabilities	277,387	41,436	318,823	244,785	39,417	284,202
MORTGAGE NOTES PAYABLE, net of current portion	-	1,552,634	1,552,634	-	1,595,562	1,595,562
CONTINGENT LOANS	-	493,953	493,953	-	369,972	369,972
Total liabilities	277,387	2,088,023	2,365,410	244,785	2,004,951	2,249,736
NET ASSETS:						
Unrestricted:						
Operating	1,005,954	-	1,005,954	949,400	-	949,400
Board designated for long-term investment	1,359,432	-	1,359,432	1,392,223	-	1,392,223
Board designated residential fund	285,603	-	285,603	288,740	-	288,740
Board designated operating reserve fund	420,067	-	420,067	402,604	-	402,604
Property and equipment	-	966,881	966,881	-	994,943	994,943
Total unrestricted net assets	3,071,056	966,881	4,037,937	3,032,967	994,943	4,027,910
Total liabilities and net assets	$ 3,348,443	$ 3,054,904	$ 6,403,347	$ 3,277,752	$ 2,999,894	$ 6,277,646

The accompanying notes are an integral part of these statements.

BARRY L. PRICE REHABILITATION CENTER, INC.
D/B/A THE PRICE CENTER

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
OPERATING REVENUES:		
Support:		
Special event revenue	$ 433,029	$ 389,950
Less - direct expenses	(175,787)	(141,400)
Net revenues from special events	257,242	248,550
Contributions and grants	301,185	305,647
Total support	558,427	554,197
Client service revenue and other:		
Contract services	2,539,472	2,609,703
Client services	1,782,595	1,686,278
Program rental income and other	265,383	257,135
Total client service revenue and other	4,587,450	4,553,116
Total operating revenues	5,145,877	5,107,313
OPERATING EXPENSES:		
Residential	1,806,730	1,734,532
Intensive Day	1,448,027	1,322,951
Day Habilitation	981,972	956,806
Employment Services	565,870	464,401
ASCENT	74,550	69,375
Family Supports	35,087	30,365
Supported Living	13,052	-
Development	230,721	227,288
Total operating expenses	5,156,009	4,805,718
Changes in unrestricted net assets from operations	(10,132)	301,595
OTHER REVENUES (EXPENSES):		
Investment income, net	54,678	59,612
Capital grants	45,239	15,000
Relocation costs	(19,800)	-
Net gains (losses) on investments	(59,958)	254,581
Changes in unrestricted net assets	10,027	630,788
NET ASSETS, beginning of year	4,027,910	3,397,122
NET ASSETS, end of year	$ 4,037,937	$ 4,027,910

The accompanying notes are an integral part of these statements.

BARRY L. PRICE REHABILITATION CENTER, INC.
D/B/A THE PRICE CENTER

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in unrestricted net assets	$ 10,027	$ 630,788
Adjustments to reconcile changes in unrestricted net assets to net cash provided by operating activities:		
Depreciation	174,237	175,444
Net (gains) losses on investments	59,958	(254,581)
Capital grants	(45,239)	(15,000)
Changes in operating assets and liabilities:		
Accounts receivable	139,176	(55,676)
Prepaid expenses, deposits and other	9,386	(10,961)
Accounts payable and accrued expenses	32,602	(78,967)
Net cash provided by operating activities	380,147	391,047
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(229,247)	(221,668)
Purchases of investments	(605,543)	(682,822)
Proceeds from sales of investments	547,806	616,927
Net cash used in investing activities	(286,984)	(287,563)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contingent loan	123,981	191,922
Principal payments of mortgage notes payable	(40,909)	(221,209)
Capital grants	45,239	15,000
Net cash provided by (used in) financing activities	128,311	(14,287)
NET INCREASE IN CASH AND CASH EQUIVALENTS	221,474	89,197
CASH AND CASH EQUIVALENTS, beginning of year	661,477	572,280
CASH AND CASH EQUIVALENTS, end of year	$ 882,951	$ 661,477
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 87,680	$ 99,733
NON-CASH TRANSACTIONS:		
Unrealized gain (loss) on investments	$ (47,013)	$ 234,259
Cost basis of disposed property and equipment	$ 65,904	$ 2,785

The accompanying notes are an integral part of these statements.

BARRY L. PRICE REHABILITATION CENTER, INC.
D/B/A THE PRICE CENTER

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012
(With Summarized Comparative Totals for the Year Ended June 30, 2011)

	2012												2011
	PROGRAM SERVICES								PROGRAM SUPPORT				
	RESIDENTIAL	INTENSIVE DAY	DAY HABILITATION	EMPLOYMENT SERVICES	ASCENT	FAMILY SUPPORTS	SUPPORTED LIVING	TOTAL PROGRAM SERVICES	GENERAL, ADMINISTRATIVE AND INDIRECT PROGRAM COSTS	DEVELOP-MENT	TOTAL PROGRAM SUPPORT	TOTAL	TOTAL
PERSONNEL AND RELATED:													
Salaries	$ 877,598	$ 773,789	$ 559,013	$ 307,172	$ 40,632	$ 25,959	$ -	$ 2,584,163	$ 322,697	$ 100,317	$ 423,014	$ 3,007,177	$ 2,901,264
Payroll taxes and fringe benefits	243,730	238,602	186,598	79,571	14,161	2,867	-	765,529	70,319	20,958	91,277	856,806	750,883
Consultants and subcontract services	32,266	16,927	24,056	688	1,888	1	-	75,826	3,304	36,116	39,420	115,246	53,119
Client stipends	3,120	125	1,818	9,059	-	-	-	14,122	-	-	-	14,122	14,399
Staff training	1,972	1,258	1,070	1,144	526	25	-	5,995	691	280	971	6,966	7,928
Total personnel and related	1,158,686	1,030,701	772,555	397,634	57,207	28,852	-	3,445,635	397,011	157,671	554,682	4,000,317	3,727,593
OCCUPANCY COSTS	171,011	202,756	50,641	53,388	1,882	445	11,545	491,668	37,915	7,077	44,992	536,660	522,450
OTHER OPERATING EXPENSES:													
Program supplies	84,699	18,014	14,892	5,679	2,230	36	-	125,550	-	-	-	125,550	115,194
Other	18,017	6,748	4,349	3,584	588	18	-	33,304	32,457	19,479	51,936	85,240	63,853
Vehicle	30,259	5,084	4,843	11,329	1,125	-	5	52,645	1,140	218	1,358	54,003	47,867
Office supplies and expenses	5,496	5,876	4,178	3,739	423	94	31	19,837	4,259	18,784	23,043	42,880	38,081
Equipment rental and small equipment	9,226	7,156	3,678	13,311	473	109	-	33,953	3,336	1,078	4,414	38,367	28,724
Professional fees	2,135	1,185	881	1,347	10	1,924	-	7,482	26,851	236	27,087	34,569	25,421
Telephone	14,103	4,522	3,376	2,423	491	31	-	24,946	5,303	1,995	7,298	32,244	29,670
Insurance	9,488	4,466	4,095	2,015	573	-	167	20,804	5,528	499	6,027	26,831	26,634
Recruitment and advertising	1,182	2,240	500	275	100	-	-	4,297	645	169	814	5,111	4,787
Total other operating expenses	174,605	55,291	40,792	43,702	6,013	2,212	203	322,818	79,519	42,458	121,977	444,795	380,231
Total expenses before depreciation and allocations	1,504,302	1,288,748	863,988	494,724	65,102	31,509	11,748	4,260,121	514,445	207,206	721,651	4,981,772	4,630,274
DEPRECIATION	121,627	14,374	19,718	14,519	1,988	67	-	172,293	1,519	425	1,944	174,237	175,444
Total expenses before allocations	1,625,929	1,303,122	883,706	509,243	67,090	31,576	11,748	4,432,414	515,964	207,631	723,595	5,156,009	4,805,718
ALLOCATIONS	180,801	144,905	98,266	56,627	7,460	3,511	1,304	492,874	(515,964)	23,090	(492,874)	-	-
Total expenses	$ 1,806,730	$ 1,448,027	$ 981,972	$ 565,870	$ 74,550	$ 35,087	$ 13,052	$ 4,925,288	$ -	$ 230,721	$ 230,721	$ 5,156,009	$ 4,805,718

The accompanying notes are an integral part of these statements.

BARRY L. PRICE REHABILITATION CENTER, INC.
D/B/A THE PRICE CENTER

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	PROGRAM SERVICES							PROGRAM SUPPORT			
	RESIDENTIAL	INTENSIVE DAY	DAY HABILITATION	EMPLOYMENT SERVICES	ASCENT	FAMILY SUPPORTS	TOTAL PROGRAM SERVICES	GENERAL, ADMINISTRATIVE AND INDIRECT PROGRAM COSTS	DEVELOP-MENT	TOTAL PROGRAM SUPPORT	TOTAL
PERSONNEL AND RELATED:											
Salaries	$ 853,855	$ 732,008	$ 564,156	$ 252,866	$ 39,309	$ 21,889	$ 2,464,083	$ 320,490	$ 116,691	$ 437,181	$ 2,901,264
Payroll taxes and fringe benefits	216,879	197,141	174,079	65,337	12,168	2,690	668,294	62,237	20,352	82,589	750,883
Consultants and subcontract services	21,373	-	6,966	777	212	21	29,349	382	23,388	23,770	53,119
Client stipends	3,120	89	1,568	8,989	-	633	14,399	-	-	-	14,399
Staff training	2,137	1,443	637	1,666	667	81	6,631	1,054	243	1,297	7,928
Total personnel and related	1,097,364	930,681	747,406	329,635	52,356	25,314	3,182,756	384,163	160,674	544,837	3,727,593
OCCUPANCY COSTS	176,172	197,488	56,522	43,649	1,670	540	476,041	39,852	6,557	46,409	522,450
OTHER OPERATING EXPENSES:											
Program supplies	82,861	12,850	11,379	5,652	2,413	39	115,194	-	-	-	115,194
Other	16,465	663	4,281	2,733	567	253	24,962	25,366	13,525	38,891	63,853
Vehicle	28,039	4,692	5,009	7,234	1,260	14	46,248	1,405	214	1,619	47,867
Office supplies and expenses	5,351	4,074	3,214	3,592	437	46	16,714	4,466	16,901	21,367	38,081
Equipment rental and small equipment	9,579	5,966	3,563	4,245	180	15	23,548	3,367	1,809	5,176	28,724
Professional fees	1,915	786	364	558	43	936	4,602	19,851	968	20,819	25,421
Telephone	12,949	4,047	3,023	1,873	430	38	22,360	5,556	1,754	7,310	29,670
Insurance	9,492	4,602	3,892	1,924	545	-	20,455	5,646	533	6,179	26,634
Recruitment and advertising	1,522	199	245	2,012	337	-	4,315	37	435	472	4,787
Total other operating expenses	168,173	37,879	34,970	29,823	6,212	1,341	278,398	65,694	36,139	101,833	380,231
Total expenses before depreciation and allocations	1,441,709	1,166,048	838,898	403,107	60,238	27,195	3,937,195	489,709	203,370	693,079	4,630,274
DEPRECIATION	115,341	21,535	20,005	13,775	2,038	63	172,757	2,024	663	2,687	175,444
Total expenses before allocations	1,557,050	1,187,583	858,903	416,882	62,276	27,258	4,109,952	491,733	204,033	695,766	4,805,718
ALLOCATIONS	177,482	135,368	97,903	47,519	7,099	3,107	468,478	(491,733)	23,255	(468,478)	-
Total expenses	$ 1,734,532	$ 1,322,951	$ 956,806	$ 464,401	$ 69,375	$ 30,365	$ 4,578,430	$ -	$ 227,288	$ 227,288	$ 4,805,718

The accompanying notes are an integral part of these statements.

BARRY L. PRICE REHABILITATION CENTER, INC.
D/B/A THE PRICE CENTER

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS

Barry L. Price Rehabilitation Center, Inc. d/b/a The Price Center (the Center) is a nonprofit corporation which provides services to developmentally disabled individuals in Massachusetts. The Center's programs consist of the following:

Residential programs provide a wide-range of support and services to the residents of the houses located at 1751 and 1765 Washington Street and 13-15 Wiltshire Road, Newton, and 16 Williams Street, Brookline (Humanity House), while ensuring that these services reflect the individual needs of the people living there. The residents are members of the Brookline and Newton, Massachusetts communities.

Intensive Day program provides adults with multiple and profound disabilities with individualized programs, which include occupational, physical and communication therapies, with a goal to increase independence.

Day Habilitation program offers developmental skills training which focuses on improving communication skills, attention span, behavior management, and functional everyday skills, while incorporating community integration and choice making within each individual's schedule.

Employment Services program provides individuals with work that is contracted from local businesses at the Center's Newton, Massachusetts facility. Workers develop their skills while becoming acclimated to the expectations of competitive work. The Center also matches qualified workers with developmental disabilities with jobs in the greater Newton area. Supported by staff, individuals learn to work in a competitive environment, side-by-side with fellow workers.

ASCENT program (Afternoon Social Club Encouraging Networking and Transitions) is an afternoon program for teens and young adults, which provides structured activities promoting independence and self-reliance. The young adults participate in activities that foster social and cultural awareness and personal growth to assist them to overcome the challenges of youth and their disabilities. The program is both community and center-based.

Family Supports program is a person centered approach to assist family members as they plan a future that takes into account the ever changing needs and preferences of individuals.

Supported Living program is a program that oversees three apartments at 234 Central Street, Auburndale. These are congregate No. 689 affordable housing units through the Newton Housing Authority. The program provides weekly case management services to each tenant and coordinates group adult foster care with Springwell of Watertown for daily personal care and housekeeping services.

NONPROFIT STATUS

The Center is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. The Center is also exempt from state income taxes. Donors may deduct contributions made to the Center within the requirements of the Internal Revenue Code.

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

SIGNIFICANT ACCOUNTING POLICIES

The Center prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these footnotes are to the FASB Accounting Standards Codification.

Revenue Recognition

Revenues from contract and client services are recognized as the services are performed and costs are incurred. Program rental income is recorded as services are provided. Revenues from special fundraising events are recognized at the time of the event.

Revenues from unrestricted contributions and grants are recorded as unrestricted revenue and net assets when received or when unconditionally committed by the donor. Revenues from restricted contributions and grants are recorded as temporarily restricted revenue and net assets when received or unconditionally committed by the donor. Transfers are made to unrestricted revenue and net assets as costs are incurred or time restrictions or program restrictions have lapsed. Donor restricted contributions received and satisfied in the same period are included in unrestricted net assets.

Expense Allocation

Management charges expenses related directly to a program to that program, while allocating other expenses based upon management's estimate of the percentage attributable to each program.

Description of Net Assets

Unrestricted Net Assets

Unrestricted net assets include those net resources of the Center that bear no external restrictions and are generally available for use by the Center. Specific classifications of unrestricted net assets include:

Operating includes resources available for program operations.

Board Designated Funds include the following:

Board designated for long-term investment represents funds designated by the Board of Directors for long-term growth purposes. These funds may not be expended for operations without Board of Directors' approval. Investment income and gains and losses are added to or subtracted from the principal of these funds (see Note 4).

Board designated residential fund represents funds designated by the Board of Directors for the development and/or improvement of Humanity House and any other residential facilities of the Center. The investment income and gains earned are restricted for the same purpose. Effective June 30, 2012, the Center's Board of Directors authorized a $16,244 transfer from this fund to operating net assets to cover designated expenditures (see page 10).

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Description of Net Assets (Continued)

Unrestricted Net Assets (Continued)

Board Designated Funds (Continued)

Board designated operating reserve fund represents funds designated by the Board of Directors for funding operations of Humanity House. If the annual investment income from this fund exceeds any amount required to supplement the operations of Humanity House, the Board of Directors may transfer such excess income to the Center's general operating or long-term investment accounts. Any time the balance of the fund exceeds a certain level, the Board of Directors may transfer any excess funds to the Center's general operating or long-term investment accounts.

Property and Equipment consists of the net book value of the Center's property and equipment, net of related debt.

Allowance for Doubtful Accounts

Allowances for doubtful accounts are recorded based on management's analysis of specific accounts and their estimate of amounts that may become uncollectible, if any. There was no allowance for doubtful accounts as of June 30, 2012 and 2011.

Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair market value at the time of the donation.

The Center capitalizes property and equipment over $3,000 while repairs and maintenance are expensed as incurred. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives and consists of the following:

	Estimated Useful Lives	2012	2011
Land	-	$1,143,947	$1,143,947
Buildings and building improvements	10 - 40 years	3,206,737	3,035,657
Furniture, fixtures and equipment	3 - 10 years	326,406	332,331
Computers	3 - 5 years	21,562	21,562
Vehicles	2 - 5 years	194,062	195,874
		4,892,714	4,729,371
Less - accumulated depreciation		1,837,810	1,729,477
		$3,054,904	$2,999,894

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Depreciation (Continued)

Substantially all property and equipment are pledged as collateral to secure the mortgage notes payable to banks, contingent loans and grants and line of credit as described in Notes 5, 6 and 7.

Investments

The Center records its investments at fair market value, which is determined based on quoted market value prices. Interest and dividends are recorded when earned. Gains and losses are recognized as incurred or based on market value changes during the period (see Note 3).

Investments include funds held by the Center for long-term purposes and generally are not used for operations. Accordingly, these investments have been classified as non-current assets in the accompanying statements of financial position regardless of maturity or liquidity. Funds that have been designated for short-term operating purposes are shown as current portion of investments in the accompanying June 30, 2012 statement of financial position.

The Center's Board of Directors has designated certain funds for long-term investment (See page 8 and Note 4). The purpose of this portion of the investment portfolio is to provide long-term funding for the Center's future initiatives. The Center's investment strategy for these funds is to achieve a balanced return of income and long-term growth of capital while avoiding excessive risk. The investment time horizon for these funds is ten years. Investment income and gains and losses are added to or subtracted from the principal of these funds (see Note 4).

Fair Value Measurements

The Center follows the *Fair Value Measurements and Disclosure* standards. These standards define fair value, establish a framework for measuring fair value under U.S. GAAP, and mandate disclosures about fair value measurements. This policy establishes a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value. The Center values its qualifying assets and liabilities using Level 1 inputs. Level 1 inputs reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

Estimates

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

(1) OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of checking and money market accounts. These are considered cash and cash equivalents for the purpose of the statements of cash flows.

Tax Positions

The Center follows the *Accounting for Uncertainty in Income Taxes* standard, which requires the Center to report uncertain tax positions, related interest and penalties, and to adjust its assets and liabilities related to unrecognized tax benefits and accrued interest and penalties accordingly. As of June 30, 2012, the Center determined that there are no material unrecognized tax benefits to report.

Information returns generally remain subject to examination by the Internal Revenue Service and Massachusetts for three years from filing dates. The Center does not expect that the amounts of unrecognized tax benefits will change significantly within the next twelve months.

Subsequent Events

Subsequent events have been evaluated through September 20, 2012, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

(2) LEASES

The Center rents various facilities under the following operating lease agreements:

> The Center entered into a lease agreement for administrative offices in October, 2007. This lease expired on September 30, 2010. The Center continued to rent the space as a tenant-at-will with monthly payments of $6,483 through December, 2011. Beginning January, 2012, the Center entered into a lease agreement at a new administrative and program facility, expiring in January, 2017. During years two through four, the Center has the option to terminate the lease under certain conditions, as defined in the lease agreement. Monthly payments under the new lease agreement were $6,335 for the year ended June 30, 2012.
>
> The Center leases a program facility under a lease agreement expiring in January, 2014. Monthly payments under the agreement were $11,418 and $11,110 for the years ended June 30, 2012 and 2011, respectively.
>
> The Center entered in a lease agreement for a housing program in September, 2011. The lease is for one year, expiring on August 31, 2012, with four successive one-year options to extend. Monthly payments under the agreement were $1,247 for the year ended June 30, 2012.

The Center is responsible for its proportionate share of various common area maintenance costs under these leases. Total rent expense, including common area maintenance, for these facilities was $237,481 and $199,686 for the years ended June 30, 2012 and 2011, respectively, which is included in occupancy costs in the accompanying statements of functional expenses.

(2) **LEASES** (Continued)

Remaining future minimum payments under the operating leases, including common area maintenance charges, over the remaining lease terms are as follows:

Year Ending June 30,	
2013	$214,628
2014	$160,406
2015	$ 80,496
2016	$ 80,496
2017	$ 40,428

(3) **INVESTMENTS**

The following is a summary of investments at fair value as of June 30:

	2012	2011
Cash and equivalents	$ 151,147	$ 127,912
Government and corporate bonds:		
Publicly traded bonds	548,458	518,439
Foreign bonds	12,507	12,622
Common stock:		
Publicly traded common stock	87,334	95,180
Real estate investment trusts	85,537	77,740
Emerging markets	59,780	85,344
Mutual funds:		
Mutual funds - bonds	218,753	216,102
Equity mutual funds:		
Large cap growth	275,032	261,606
Large cap value	170,057	170,392
Other	224,646	218,550
Foreign mutual funds	248,095	299,140
Total investments	$2,081,346	$2,083,567

The following is a summary of investment income activity for the years ended June 30:

	2012	2011
Unrealized gain (loss)	$(47,013)	$234,259
Net realized gain (loss)	(12,945)	20,322
Total net gain (loss) on investments	$(59,958)	$254,581

(3) **INVESTMENTS** (Continued)

Investment management fees were $22,770 and $21,880 for the years ended June 30, 2012 and 2011, respectively. These fees are netted with investment income, which consists of interest and dividends in the accompanying statements of activities and changes in net assets.

Investments are all valued using Level 1 inputs (see Note 1). Investments are not insured and are subject to ongoing market fluctuations

(4) **BOARD DESIGNATED FOR LONG-TERM INVESTMENT**

The Board of Directors has designated certain unrestricted funds for long-term investment (see Note 1). The balance of these funds is included in unrestricted net assets. The activity in these funds is as follows for the years ended June 30:

	Unrestricted Board Designated	
	2012	**2011**
Long-term investment net assets, at the beginning of year	$1,392,223	$1,102,612
Investment return:		
Investment income	46,496	48,446
Net gains (losses)	(79,287)	241,165
Total investment return	(32,791)	289,611
Long-term investment net assets, at the end of year	$1,359,432	$1,392,223

(5) **MORTGAGE NOTES PAYABLE**

Mortgage notes payable consist of the following at June 30:

	2012	**2011**
6% mortgage note payable to a bank, due in monthly principal and interest installments of $3,501, based on a thirty-year amortization schedule. A balloon payment of approximately $181,500 is due on August 30, 2030. There is a 1% prepayment penalty associated with this note. This note is secured by a first mortgage on certain real estate and all its contents and an assignment of all of the Center's leases, rents, profits, contracts, permits, licenses, and approvals, and a pledge of all reserves, operating and other accounts related to this property in Newton, Massachusetts.	$ 529,492	$ 539,695

(5) MORTGAGE NOTES PAYABLE (Continued)

6% mortgage note payable to a bank, due in monthly principal and interest installments of $3,440, based on a thirty-year amortization schedule. A balloon payment of approximately $181,000 is due on July 20, 2030. There is a 1% prepayment penalty associated with this note. This note is secured by certain real estate and all its contents and an assignment of all of the Center's service contracts, leases and all other revenues related to this property in Newton, Massachusetts.	515,752	526,063
5.5% mortgage note payable to a bank, due in monthly principal and interest installments of $2,343, through May, 2031. This note is secured by real estate located in Newton, Massachusetts.	329,293	339,789
Non-interest bearing mortgage note payable to a bank, due in monthly principal installments of $458, through August, 2036. This note is secured by real estate located in Newton, Massachusetts. No interest is due as long as the property remains available to low or moderate income households and there is no transfer of interest or ownership during the term of the loan. If the Center does not comply with these terms, all unpaid principal will be due upon demand. There have been no violations of these terms as of June 30, 2012.	132,916	138,416
5.5% mortgage note payable to a bank, due in monthly principal and interest installments of $746, through May, 2026. This note is secured by real estate located in Brookline, Massachusetts.	86,617	91,016
	1,594,070	1,634,979
Less - current portion	41,436	39,417
	$1,552,634	$1,595,562

Interest expense of $87,680 and $99,733 is included in occupancy costs on the accompanying statements of functional expenses for the years ended June 30, 2012 and 2011, respectively.

The mortgages require the Center to adhere to specific covenants including specified insurance coverage on the properties, as well as other covenants. As of June 30, 2012 and 2011, the Center was in compliance with these covenants.

Maturities of the mortgage notes payable over the next five years are as follows:

2013	$41,436
2014	$43,577
2015	$45,842
2016	$48,606
2017	$50,795

(6) CONTINGENT LOANS AND GRANTS

During fiscal year 2012, the Center entered into a loan agreement with the City of Newton for a maximum obligation of $134,195, under the Federal Community Development Block Grant Program. The proceeds borrowed from this loan as of June 30, 2012, were $123,981 and were used for the rehabilitation and improvement of the 1765 Washington Street property. The note is not required to be repaid and no interest is due as long as the property is not sold or transferred and remains available to low or moderate income tenants. If the Center does not comply with these terms, the principal and interest will be due upon demand. There have been no violations of these terms as of June 30, 2012. This contingent loan is secured by a mortgage on the property.

During fiscal year 2011, the Center entered into a promissory note agreement with the Town of Brookline for $191,922, under the Federal Community Development Block Grant Program. The proceeds were used for the rehabilitation and improvement of the Humanity House property. The note is not required to be repaid and no interest (stated at 4% per year) is due as long as the property remains available to low or moderate income tenants for a period of thirty years. This agreement matures in 2041, at which time the principal and interest may be extended for an additional thirty year period. If the Center does not comply with these terms, the principal and interest will be due upon demand. There have been no violations of these terms as of June 30, 2012 and 2011. This contingent loan is secured by a mortgage on the property.

The Center has two loan agreements with a local government agency for $75,000 and $103,050, respectively, under the Federal "HOME" program. The proceeds were used to provide partial funding for the acquisition of two program facilities. The notes are not required to be repaid and no interest is due as long as the properties remain available to low or moderate income households for a period of fifty years. Both agreements mature in fiscal year 2056, at which time the principal and interest will be forgiven. If the Center does not comply with these terms, the advances will be due upon demand. There have been no violations of these terms as of June 30, 2012 and 2011. This contingent debt is secured by second mortgages on the properties.

During fiscal year 2008, the Center received and recorded as capital grant revenue, a $100,000 grant from a municipality for improvements to a certain Center property. The agreement stipulates that the funds received must be used to meet certain national objectives. If the Center fails to comply with this condition, there are certain recapture provisions defined in the agreement. The Center was in compliance with these conditions through June 30, 2012.

(7) LINE OF CREDIT

The Center had available a $500,000 line of credit with a bank. Borrowings were due on demand and interest was payable monthly at the thirty-day London Interbank Offered Rate (LIBOR), plus 3.50% (3.69% as of June 30, 2011). This agreement expired on November 1, 2011.

During January, 2012, the Center entered into a new line of credit with a different bank. Borrowings under the agreement are due on demand and interest is payable monthly at the prime rate (3.25% as of June 30, 2012). This agreement expires on December 31, 2012. Borrowings are secured by a mortgage covering real estate located in Newton, Massachusetts.

(8) RETIREMENT PLAN

The Center maintains a Tax Sheltered Annuity Plan under Internal Revenue Code (IRC) Section 403(b). The plan covers all employees who are at least 21 years of age and work twenty hours or more per week. Employees may annually contribute a percentage of their pay up to the IRC maximum. The Center has the option of making both a matching contribution and a discretionary contribution as determined by the Board of Directors. Employees are eligible to share in employer matches after one year of service. Employees vest in their portion of the Center's contributions, if any, at the rate of 20% of each year of service beginning after the second year of service. The Center did not make any discretionary contributions for the years ended June 30, 2012 and 2011. The Center made matching contributions of $22,912 and $21,707 for the years ended June 30, 2012 and 2011, respectively. The matching contributions are included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

(9) CONCENTRATIONS

Credit Risk

The Center maintains its cash balances in several Massachusetts banks. From time-to-time, balances exceed the maximum amount of insurance provided by the Federal Deposit Insurance Corporation. Management monitors on a regular basis the financial condition of these banks, along with their balances in the cash accounts, to keep this potential risk to a minimum.

Funding

The Center receives a significant portion of its funding from the Commonwealth of Massachusetts under unit-rate contracts and from Division of Medical Assistance fees, including funds passed through from the Federal government. Payments to the Center are subject to audit by the appropriate government agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Center as of June 30, 2012 and 2011, or on the results of its operations for the years then ended.

Contract service revenue and client service revenue for the years ended June 30, 2012 and 2011, were provided by the following sources:

	2012	2011
Massachusetts Department of Developmental Services	57%	59%
Massachusetts Division of Medical Assistance	41%	39%
Other	2%	2%

(9) CONCENTRATIONS (Continued)

Contract service receivables and client service receivables as of June 30, 2012 and 2011, were due from the following sources:

	2012	2011
Massachusetts Department of Developmental Services	26%	60%
Massachusetts Division of Medical Assistance	67%	31%
Other	7%	9%

The Center's contracts are assigned to a bank as collateral for mortgage notes payable as described in Note 5.

(10) RECLASSIFICATION

Certain amounts in the June 30, 2011 financial statements have been reclassified to conform with the June 30, 2012 presentation.