

Financial Statements

Wayside Youth & Family Support Network, Inc.

June 30, 2016 and 2015



WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Financial Statements

Table of Contents

Financial Statements:

Independent Auditors' Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-19



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Independent Auditors' Report

To the Board of Directors
Wayside Youth & Family Support Network, Inc.
Framingham, Massachusetts

We have audited the accompanying financial statements of Wayside Youth & Family Support Network, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wayside Youth & Family Support Network, Inc. as of June 30, 2016 and 2015, 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.

Maye Hoffman McCann P.C.

December 15, 2016
Boston, Massachusetts

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Statements of Financial Position

Assets	<i>June 30,</i>	
	2016	2015
Current assets:		
Cash and cash equivalents	\$ 2,343,753	\$ 1,865,173
Accounts receivable, net of allowance of \$156,000 and \$78,000, respectively	3,326,603	2,957,769
Prepaid expenses and deposits	433,449	363,876
Contributions receivable	-	900
Other current assets	39,647	17,134
	6,143,452	5,204,852
Other assets:		
Contributions receivable	-	1,583
Investments	1,433,198	1,224,170
Property, plant and equipment, net	23,823,824	24,146,437
	25,257,022	25,372,190
Total assets	\$ 31,400,474	\$ 30,577,042
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 330,038	\$ 534,760
Accrued expenses	1,641,791	1,385,612
Deferred revenue	116,217	127,581
Current portion of bonds and notes payable	709,767	682,493
	2,797,813	2,730,446
Long-term liabilities:		
Bonds and notes payable	16,169,698	16,874,184
Other liabilities	357,613	304,443
	16,527,311	17,178,627
Total liabilities	19,325,124	19,909,073
Net assets:		
Unrestricted	12,056,167	10,645,181
Temporarily restricted	19,183	22,788
	12,075,350	10,667,969
Total liabilities and net assets	\$ 31,400,474	\$ 30,577,042

See accompanying notes to the financial statements.

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Statements of Activities

	<i>Years Ended June 30,</i>					
	<i>2016</i>			<i>2015</i>		
	<u><i>Unrestricted</i></u>	<u><i>Temporarily Restricted</i></u>	<u><i>Total</i></u>	<u><i>Unrestricted</i></u>	<u><i>Temporarily Restricted</i></u>	<u><i>Total</i></u>
Revenue and other support:						
Contracts	\$ 19,562,271	\$ -	\$ 19,562,271	\$ 18,162,744	\$ -	\$ 18,162,744
Third party billings, net of contractual allowances	9,836,143	-	9,836,143	8,034,128	-	8,034,128
Grants and subsidies	2,182,185	-	2,182,185	1,916,434	-	1,916,434
Contributions	178,820	-	178,820	162,600	-	162,600
Rental income	56,962	-	56,962	55,620	-	55,620
Donated services	96,567	-	96,567	48,576	-	48,576
Net gains on investments	18,516	-	18,516	1,787	-	1,787
Other income	216,882	-	216,882	11,566	-	11,566
Loss on debt acquisition costs	-	-	-	(18,393)	-	(18,393)
Interest and dividend income	38,360	-	38,360	18,371	-	18,371
Net assets released from restrictions	3,605	(3,605)	-	21,092	(21,092)	-
Total revenue and other support	<u>32,190,311</u>	<u>(3,605)</u>	<u>32,186,706</u>	<u>28,414,525</u>	<u>(21,092)</u>	<u>28,393,433</u>
Expenses:						
Program services:						
Campus	10,307,762	-	10,307,762	10,299,042	-	10,299,042
Community services	15,080,900	-	15,080,900	12,539,346	-	12,539,346
Young Adult	1,932,254	-	1,932,254	1,671,025	-	1,671,025
Total program services	<u>27,320,916</u>	<u>-</u>	<u>27,320,916</u>	<u>24,509,413</u>	<u>-</u>	<u>24,509,413</u>
Supporting services:						
General and administrative	3,357,112	-	3,357,112	2,692,281	-	2,692,281
Fundraising	101,297	-	101,297	94,717	-	94,717
Total supporting services	<u>3,458,409</u>	<u>-</u>	<u>3,458,409</u>	<u>2,786,998</u>	<u>-</u>	<u>2,786,998</u>
Total expenses	<u>30,779,325</u>	<u>-</u>	<u>30,779,325</u>	<u>27,296,411</u>	<u>-</u>	<u>27,296,411</u>
Change in net assets	1,410,986	(3,605)	1,407,381	1,118,114	(21,092)	1,097,022
Net assets, beginning	10,645,181	22,788	10,667,969	9,527,067	43,880	9,570,947
Net assets, ending	<u>\$ 12,056,167</u>	<u>\$ 19,183</u>	<u>\$ 12,075,350</u>	<u>\$ 10,645,181</u>	<u>\$ 22,788</u>	<u>\$ 10,667,969</u>

See accompanying notes to the financial statements.

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Statement of Functional Expenses

	Years Ended June 30,							2015
	2016							
	<i>Program Services</i>				<i>Supporting Services</i>			
	<i>Campus</i>	<i>Community Services</i>	<i>Young Adult</i>	<i>Total Program Services</i>	<i>General and Administrative</i>	<i>Fundraising</i>	<i>Total Expenses</i>	<i>Total Expenses</i>
Salaries and wages	\$ 6,094,443	\$ 9,956,776	\$ 1,130,239	\$ 17,181,458	\$ 1,505,761	\$ 41,655	\$ 18,728,874	\$ 16,527,838
Payroll taxes and employee benefits	1,158,819	1,870,835	218,067	3,247,721	266,125	7,900	3,521,746	3,119,710
Total salaries and related expenses	7,253,262	11,827,611	1,348,306	20,429,179	1,771,886	49,555	22,250,620	19,647,548
Professional fees and contracted services	340,003	1,262,916	175,751	1,778,670	684,203	11,224	2,474,097	1,668,435
Other supplies	636,630	169,885	55,503	862,018	141,488	15,409	1,018,915	844,168
Occupancy	622,363	646,399	202,479	1,471,241	264,601	840	1,736,682	1,641,513
Transportation	88,831	384,046	36,767	509,644	61,033	1,386	572,063	524,075
Interest	481,656	66,315	8,418	556,389	31,267	-	587,656	711,418
Depreciation and amortization	684,814	240,396	26,784	951,994	123,006	-	1,075,000	1,062,502
Other expenses	200,203	483,332	78,246	761,781	279,628	22,883	1,064,292	1,196,752
Total other expenses	3,054,500	3,253,289	583,948	6,891,737	1,585,226	51,742	8,528,705	7,648,863
Total expenses	\$ 10,307,762	\$ 15,080,900	\$ 1,932,254	\$ 27,320,916	\$ 3,357,112	\$ 101,297	\$ 30,779,325	\$ 27,296,411

See accompanying notes to the financial statements.

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Statement of Functional Expenses

Year Ended June 30, 2015

	<i>Program Services</i>				<i>Supporting Services</i>		<i>Total Expenses</i>
	<i>Campus</i>	<i>Community Services</i>	<i>Young Adult</i>	<i>Total Program Services</i>	<i>General and Administrative</i>	<i>Fundraising</i>	
Salaries and wages	\$ 5,837,759	\$ 8,337,731	\$ 979,611	\$ 15,155,101	\$ 1,342,707	\$ 30,030	\$ 16,527,838
Payroll taxes and employee benefits	1,133,942	1,545,466	193,704	2,873,112	240,736	5,862	3,119,710
Total salaries and related expenses	6,971,701	9,883,197	1,173,315	18,028,213	1,583,443	35,892	19,647,548
Professional fees and contracted services	261,479	989,874	105,613	1,356,966	285,831	25,638	1,668,435
Other supplies	606,293	108,877	32,609	747,779	89,316	7,073	844,168
Occupancy	586,818	559,002	227,870	1,373,690	267,823	-	1,641,513
Transportation	109,524	324,400	32,761	466,685	57,390	-	524,075
Interest	587,851	71,650	8,891	668,392	43,026	-	711,418
Depreciation and amortization	780,938	144,607	18,700	944,245	118,257	-	1,062,502
Other expenses	394,438	457,739	71,266	923,443	247,195	26,114	1,196,752
Total other expenses	3,327,341	2,656,149	497,710	6,481,200	1,108,838	58,825	7,648,863
Total expenses	\$ 10,299,042	\$ 12,539,346	\$ 1,671,025	\$ 24,509,413	\$ 2,692,281	\$ 94,717	\$ 27,296,411

See accompanying notes to the financial statements.

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Statements of Cash Flows

	<i>Years Ended June 30,</i>	
	<i>2016</i>	<i>2015</i>
Cash flows from operating activities:		
Change in net assets	\$ <u>1,407,381</u>	\$ <u>1,097,022</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,075,000	1,062,505
Loss on debt acquisition costs	-	18,393
Net gains on investments	(18,516)	(1,787)
Change in accounts receivable	(368,834)	(179,310)
Change in contributions receivable	2,483	18,817
Change in prepaid expenses and deposits	(69,573)	(100,636)
Change in other current assets	(22,513)	(17,134)
Change in accounts payable	(204,722)	(20,435)
Change in accrued expenses	256,179	527,285
Change in deferred revenue	(11,364)	70,435
Change in other liabilities	<u>53,170</u>	<u>58,870</u>
Total adjustments	<u>691,310</u>	<u>1,437,003</u>
Net cash provided by operating activities	<u>2,098,691</u>	<u>2,534,025</u>
Cash flows from investing activities:		
Purchase of investments	(190,512)	(479,244)
Purchase of property, plant and equipment	<u>(747,479)</u>	<u>(457,947)</u>
Net cash used in investing activities	<u>(937,991)</u>	<u>(937,191)</u>
Cash flows from financing activities:		
Mortgage acquisition costs incurred	-	(8,663)
Principal payments on bonds and notes payable	<u>(682,120)</u>	<u>(627,982)</u>
Net cash used in financing activities	<u>(682,120)</u>	<u>(636,645)</u>
Net change in cash and cash equivalents	478,580	960,189
Cash and cash equivalents, beginning	<u>1,865,173</u>	<u>904,984</u>
Cash and cash equivalents, ending	\$ <u><u>2,343,753</u></u>	\$ <u><u>1,865,173</u></u>
Supplemental disclosure:		
Cash paid for interest	\$ <u><u>600,498</u></u>	\$ <u><u>701,106</u></u>

See accompanying notes to the financial statements.

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Notes to Financial Statements

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Wayside Youth & Family Support Network, Inc. (the “Organization”) is dedicated to achieving the highest standards of quality and integrity in providing leading edge counseling, family support, residential and educational services for building strength, hope and resiliency in youth, families and communities.

Classification and Reporting of Net Assets

The Organization’s financial statement presentation follows the recommendations of the Financial Accounting Standards Board. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization does not have any permanently restricted net assets. A description of the net asset classes follows:

- Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.
- Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Significant management estimates included in the financial statements are estimated useful lives of depreciable assets, allowance for uncollectible accounts and contributions receivable, satisfaction for the release of restricted net assets, and the allocation of functional expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less. The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Organization monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts.

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Notes to Financial Statements

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are carried at their net realizable value. Accounts receivable consist primarily of amounts related to grants and contracts from state and local governments and amounts due from third-party payor sources. Grants and contracts receivable are carried at the original invoice amount. Accounts receivable where a third-party payor is responsible for paying the amount are carried at the original charge for the service provided.

Management determines the need for an allowance by regularly identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Interest is not charged on accounts receivable.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost or, if donated, at estimated fair market value at the time such properties were received. Fair value of donated fixed assets is effectively recorded using a Level 3 market approach.

Depreciation and amortization are provided on the straight-line basis over the estimated useful lives of the respective assets as follows:

<i>Description</i>	<i>Years</i>
Buildings	40
Land and building improvements	10-40
Leasehold improvements	Lesser of term of lease or 5-20
Furniture and equipment	3-10
Vehicles	3-5
Computer equipment and software	3-5

Expenditures for major renewals and improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Costs associated with the construction of major projects are accumulated until completion. The completed asset is then depreciated over its estimated useful life after being placed in service.

Debt Acquisition Costs

The Organization incurred debt issuance costs including bank and professional fees in connection with certain financing arrangements. These costs were capitalized and are amortized over the term of the related debt.

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Notes to Financial Statements

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Investments and Investment Income

Investments consist of debt and equity securities and mutual funds. Investments are presented in the financial statements at fair value. Fair value is determined as per the fair value policy below. Investment income including interest, dividends, and net realized and unrealized gains and losses are included in revenues, gains and other support.

Revenue Recognition

The Organization's financial statements are prepared using the accrual method of accounting. Revenues are reported as increases in unrestricted net assets unless the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

The programs of the Organization are supported principally by contracts negotiated with various agencies of the Commonwealth of Massachusetts. Therefore, the Organization is subject to the regulations and rate formulas of the Massachusetts Executive Office for Administration and Finance Operational Services Division. Revenue is recorded by the individual programs either at the rate approved under negotiated contracts or at the rate of reimbursement as certified by the Massachusetts Operational Services Division. Excess of revenue over expenses from Commonwealth of Massachusetts supported programs, up to certain defined limits, can be utilized by the Organization for expenditures in accordance with its exempt purposes provided such expenditures are reimbursable under the Operational Services Division regulations. Amounts in excess of these limits are subject to negotiated use or potential recoupment and are reported as a liability.

The Organization reports third party revenue earned in its Clinic and Day Care programs net of contractual adjustments to the Organization's usual and customary rates, as well as an adjustment based on historical and industry collection standards in order to report net realizable revenue from these programs.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues at fair value in the period received or pledged. Fair value is determined at the original date of recordation using Level 2 fair value methods. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Notes to Financial Statements

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Contributions (Continued)

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution, and nature of fundraising activities.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset category.

Donated Goods and Services

The Organization receives support in the form of donated services recorded using a Level 3 fair value methodology. Donated services are recorded at their estimated fair value on the date the services are provided if the services create or enhance nonfinancial assets or the services are provided by persons possessing certain skills that would typically need to be purchased if not provided by donation.

Advertising

The Organization expenses advertising costs as incurred. Advertising expense consists primarily of recruitment related expenses and amounted to \$39,978 and \$45,725 for the years ended June 30, 2016 and 2015, respectively.

Income Tax

The Organization qualifies as a public charity under Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal and state income taxes. Accordingly, no provision for income taxes is made in the financial statements.

Uncertain Tax Positions

The Organization accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. Interest and penalties assessed, if any, are accrued as income tax expense. The Organization has identified its tax status as a tax-exempt entity and its determination as to its income being related or unrelated as its only significant tax positions. However, the Organization has determined that such tax positions do not result in an uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdiction. The Organization's Federal and state tax returns are generally open for examination for three years following the date filed.

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Notes to Financial Statements

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The Organization reports certain assets/liabilities as fair value on a recurring and non-recurring basis depending on the accounting policy for the particular item. Recurring fair value measures include investment accounts. Non-recurring measures include contributions receivable. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards require the Organization to classify financial instruments into a three-level hierarchy, based on the priority of inputs.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments which are generally included in this category include listed equity and debt securities publicly traded on a stock exchange.

Level 2 – Pricing inputs are other than quoted prices in active markets, 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.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument as well as the effects of market, interest and credit risks. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements.

For more information on the fair value of the Organization's financial instruments, see Note 4 - Fair Values of Financial Instruments.

Subsequent Events

The Organization has evaluated subsequent events through December 15, 2016, the date the Board of Directors approved and authorized the financial statements to be issued.

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Notes to Financial Statements

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Reclassifications

During 2016, the Organization retrospectively adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2015-03, *Interest-Imputation of Interest (Subtopic 835-30) - Simplifying the Presentation of Debt Issuance Costs*, and debt issuance costs are now presented as a deduction of debt on the financial statements for each year. Accordingly, long-term bonds and notes payable originally stated at \$16,922,913 in the June 30, 2015 financial statements have been restated to \$16,874,184 to reflect \$48,729 of debt acquisition costs previously included in debt acquisition costs.

Certain reclassifications have been made to the 2015 statement of activities in order to conform to the 2016 presentation. These reclassifications had no effect on the reported change in net assets.

Note 2 - Contributions Receivable

Contributions receivable consist of the following as of June 30:

	<i>2016</i>	<i>2015</i>
Capital campaign contributions receivable	\$ -	\$ 2,600
Less unamortized discount	-	(117)
Net contributions receivable	\$ -	\$ 2,483

Amounts are expected to be received as follows as of June 30:

	<i>2016</i>	<i>2015</i>
Less than one year	\$ -	\$ 900
Greater than one year	-	1,700
Total	\$ -	\$ 2,600

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Notes to Financial Statements

Note 3 - Investments

The following is a summary as of June 30:

	<i>2016</i>	<i>2015</i>
Equities	\$ 642,345	\$ 470,160
Mutual funds	580,220	575,503
Government securities	175,167	146,856
Corporate bonds	<u>35,466</u>	<u>31,651</u>
Total investments	\$ <u>1,433,198</u>	\$ <u>1,224,170</u>

Note 4 - Fair Values of Financial Instruments

The following tables present financial assets that the Organization measures fair value on a recurring basis, by level, within the fair value hierarchy at June 30:

<i>2016</i>				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Equities	\$ 642,345	\$ -	\$ -	\$ 642,345
Mutual funds	580,220	-	-	580,220
Government securities	126,860	48,307	-	175,167
Corporate bonds	<u>-</u>	<u>35,466</u>	<u>-</u>	<u>35,466</u>
Total investments	\$ <u>1,349,425</u>	\$ <u>83,773</u>	\$ <u>-</u>	\$ <u>1,433,198</u>

<i>2015</i>				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Equities	\$ 470,160	\$ -	\$ -	\$ 470,160
Mutual funds	575,503	-	-	575,503
Government securities	114,052	32,804	-	146,856
Corporate bonds	<u>-</u>	<u>31,651</u>	<u>-</u>	<u>31,651</u>
Total investments	\$ <u>1,159,715</u>	\$ <u>64,455</u>	\$ <u>-</u>	\$ <u>1,224,170</u>

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Notes to Financial Statements

Note 4 - Fair Values of Financial Instruments (Continued)

Corporate bonds and government securities are measured using quoted market prices multiplied by the quantity held when quoted market prices are observable. If quoted market prices are not available, fair value is determined using one, or a combination, of the following methods (1) a matrix pricing of similar bonds, or (2) quoted prices for recent trading activity of assets with similar characteristics to the bond.

Note 5 - Property, Plant and Equipment

The following is a summary as of June 30:

	<i>2016</i>	<i>2015</i>
Land and buildings	\$ 26,530,134	\$ 26,530,134
Land and building improvements	2,401,840	2,139,558
Leasehold improvements	208,661	159,028
Furniture and equipment	1,282,187	1,141,210
Vehicles	36,995	36,995
Computer equipment and software	<u>1,849,852</u>	<u>1,555,265</u>
Total cost	32,309,669	31,562,190
Less accumulated depreciation and amortization	<u>8,485,845</u>	<u>7,415,753</u>
Total property, plant and equipment, net	<u>\$ 23,823,824</u>	<u>\$ 24,146,437</u>

Note 6 - Line of Credit

The Organization has a \$3,000,000 line of credit available with Middlesex Savings Bank, renewable annually in January, with interest payable monthly at prime. The interest rate as of June 30, 2016 and 2015 was 3.50% and 3.25%, respectively. There were no borrowings outstanding at June 30, 2016 and 2015. The note is secured by all of the Organization's assets.

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Notes to Financial Statements

Note 7 - Bonds and Notes Payable

The following is a summary as of June 30:

	<i>2016</i>	<i>2015</i>
Note payable to Middlesex Savings Bank in monthly installments of \$7,510, including interest at 4.5%, through September 2029. The note is secured by real estate.	\$ 894,732	\$ 942,720
Note payable to Middlesex Savings Bank in monthly installments of \$4,843, including interest at 4.5%, through November 2023. The note is secured by real estate.	364,717	405,138
Note payable to Middlesex Savings Bank in monthly installments of \$2,783, including interest at 5.75%, through March 2031. The note is secured by real estate.	356,396	372,950
The Organization has a \$16,970,000, twenty year tax-exempt bond offering issued by the Massachusetts Development Finance Agency (MDFA). Middlesex Savings Bank is the bond holder and disbursing agent. The bond proceeds were used to finance the construction of a multi-purpose residential and educational facility, The Wayside Campus, in Framingham, MA. The term of the bond is 20 years; amortization to be calculated utilizing a 30 year period. Pursuant to the loan and trust agreement with MDFA, monthly installments of interest only at the fixed rate of 6% beginning November 2007 through April 2010. Fixed interest at 3.95% for the first 10 years; adjusted thereafter for the remaining 10 years at 1.15 times the Federal Home Loan Bank Rate then in effect for the 20 year mortgage with a 10 year fixed rate. During 2015, the bank agreed to reduce the interest rate to 3.25%. Final payment will be due in October 2027. The bond is secured by all assets of the Organization.	14,778,503	15,247,299
Term note payable to Middlesex Savings Bank with monthly payments of \$1,935, including interest at 4.5%, through May 2038. The note is secured by deposits of the Organization.	323,743	331,948
Term note payable to Middlesex Savings Bank in monthly payments of \$9,337, including interest at 4.5%, through May 2018. The note is secured by deposits of the Organization.	205,195	305,351
Total bonds and notes payable	16,923,286	17,605,406
Less current portion	(709,767)	(682,493)
Unamortized debt acquisition costs, net	(43,821)	(48,729)
Long-term bonds and notes payable	\$ 16,169,698	\$ 16,874,184

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Notes to Financial Statements

Note 7 - Bonds and Notes Payable (Continued)

Approximate annual maturities of bonds and notes payable for the next five years and in the aggregate are as follows:

Years Ending June 30,

2017	\$	709,767
2018		727,050
2019		649,304
2020		671,371
2021		696,975
Thereafter		<u>13,468,819</u>
	\$	<u>16,923,286</u>

Note 8 - Operating Leases

The Organization leases premises at various locations under operating leases which expire on various dates through April 2026. Rent expense for the years ended June 30, 2016 and 2015 was \$387,858 and \$300,745, respectively. The Organization also leases motor vehicles under various operating leases through May 2019. Vehicle lease expense for the years ended June 30, 2016 and 2015 was \$82,089 and \$90,170, respectively.

Anticipated future annual minimum lease payments for the next five years and in the aggregate are as follows:

Years Ending June 30,

2017	\$	510,000
2018		289,000
2019		158,000
2020		86,000
2021		87,000
Thereafter		<u>432,000</u>
	\$	<u>1,562,000</u>

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Notes to Financial Statements

Note 9 - Temporarily Restricted Net Assets

At June 30, temporarily restricted net assets were available for the following purposes:

	<i>2016</i>	<i>2015</i>
Contributions receivable	\$ -	\$ 2,483
Patient fees	15,583	16,705
Scholarships	<u>3,600</u>	<u>3,600</u>
	<u>\$ 19,183</u>	<u>\$ 22,788</u>

Net assets released from restrictions totaled \$3,605 and \$21,092 for the years ended June 30, 2016 and 2015, respectively. Net assets released from restriction consisted of program activities of \$1,005 and \$1,304 and releases of time restrictions on unrestricted contributions receivable of \$2,600 and \$19,788 for the years ended June 30, 2016 and 2015, respectively.

Note 10 - Retirement Plans

The Organization offers a voluntary contributory retirement plan pursuant to Section 403(b) of the Internal Revenue Code covering substantially all full-time employees, of which the Organization matches 50% up to a maximum of \$6,000 depending on the number of years of service. The Organization contributed \$193,008 and \$147,741 to the plan for the years ended June 30, 2016 and 2015, respectively.

The Organization offers a retirement plan pursuant to Section 457(b) of the Internal Revenue Code for certain employees. The Organization contributed \$44,552 and \$40,349 to the plan for the years ended June 30, 2016 and 2015, respectively. The assets and liabilities related to the plan are included in investments and other liabilities at June 30, 2016 and 2015, respectively.

During the year ended June 30, 2015, the Organization entered into a retirement plan pursuant to Section 457(f) of the Internal Revenue Code for a key employee. The purpose of the plan is to provide the key employee with additional retirement benefit upon retirement. The deferred compensation liability of \$14,765 and \$2,903 is included in other liabilities for the years ended June 30, 2016 and 2015, respectively. As part of the plan, the Organization entered into a life insurance policy arrangement with the key employee. Other current assets of \$39,647 and \$17,134 represented the cash surrender value of the policy for the years ended June 30, 2016 and 2015, respectively.

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Notes to Financial Statements

Note 11 - Related Party Transactions

During the year ended June 30, 2016, one member of the Board of Directors provided fiduciary services to the Organization. The Organization incurred fees to this firm totaling \$4,500. The Organization did not incur similar fiduciary fees during the year ended June 30, 2015.

Note 12 - Legal Matters

The Organization is involved in legal proceedings, claims and disputes which arise in the ordinary course of business. In management's opinion, these matters will not have a material adverse effect on the financial position of the Organization.