



Financial Statements

Wayside Youth & Family Support Network, Inc.

June 30, 2017 and 2016



WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Financial Statements

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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, 2017 and 2016, 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.



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, 2017 and 2016, 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, 2017
Boston, Massachusetts

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Statements of Financial Position

Assets	<i>June 30,</i>	
	<i>2017</i>	<i>2016</i>
Current assets:		
Cash and cash equivalents	\$ 2,260,837	\$ 2,343,753
Accounts receivable, net of allowance of \$112,000 and \$156,000, respectively	3,268,812	3,326,603
Prepaid expenses and deposits	385,044	433,449
Other current assets	67,471	39,647
Total current assets	5,982,164	6,143,452
Other assets:		
Investments	2,263,801	1,090,350
Other assets	493,128	342,848
Property, plant and equipment, net	23,683,057	23,823,824
Total other assets	26,439,986	25,257,022
Total assets	\$ 32,422,150	\$ 31,400,474
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 591,767	\$ 330,038
Accrued expenses	1,612,780	1,641,791
Deferred revenue	59,060	116,217
Current portion of bonds and notes payable	726,474	709,767
Total current liabilities	2,990,081	2,797,813
Long-term liabilities:		
Bonds and notes payable	15,448,743	16,169,698
Other liabilities	473,210	357,613
Total long-term liabilities	15,921,953	16,527,311
Total liabilities	18,912,034	19,325,124
Net assets:		
Unrestricted	13,494,360	12,056,167
Temporarily restricted	15,756	19,183
Total net assets	13,510,116	12,075,350
Total liabilities and net assets	\$ 32,422,150	\$ 31,400,474

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Statements of Activities

	<i>Years Ended June 30,</i>					
	<i>2017</i>			<i>2016</i>		
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>
Revenue and other support:						
Contracts	\$ 21,155,668	\$ -	\$ 21,155,668	\$ 19,562,271	\$ -	\$ 19,562,271
Third party billings, net of contractual allowances	10,430,271	-	10,430,271	9,836,143	-	9,836,143
Grants and subsidies	2,081,626	-	2,081,626	2,182,185	-	2,182,185
Contributions	211,648	-	211,648	178,820	-	178,820
Rental income	57,000	-	57,000	56,962	-	56,962
Donated services	120,727	-	120,727	96,567	-	96,567
Net gains on investments	120,822	-	120,822	18,516	-	18,516
Other income	133,363	-	133,363	216,882	-	216,882
Loss on disposal of property, plant and equipment	(6,834)	-	(6,834)	-	-	-
Interest and dividend income	43,490	-	43,490	38,360	-	38,360
Net assets released from restrictions	3,427	(3,427)	-	3,605	(3,605)	-
Total revenue and other support	34,351,208	(3,427)	34,347,781	32,190,311	(3,605)	32,186,706
Expenses:						
Program services:						
Campus	10,375,889	-	10,375,889	10,307,762	-	10,307,762
Community services	16,719,564	-	16,719,564	15,080,900	-	15,080,900
Young adult	2,162,666	-	2,162,666	1,932,254	-	1,932,254
Total program services	29,258,119	-	29,258,119	27,320,916	-	27,320,916
Supporting services:						
General and administrative	3,560,420	-	3,560,420	3,357,112	-	3,357,112
Fundraising	94,476	-	94,476	101,297	-	101,297
Total supporting services	3,654,896	-	3,654,896	3,458,409	-	3,458,409
Total expenses	32,913,015	-	32,913,015	30,779,325	-	30,779,325
Change in net assets	1,438,193	(3,427)	1,434,766	1,410,986	(3,605)	1,407,381
Net assets, beginning	12,056,167	19,183	12,075,350	10,645,181	22,788	10,667,969
Net assets, ending	\$ 13,494,360	\$ 15,756	\$ 13,510,116	\$ 12,056,167	\$ 19,183	\$ 12,075,350

See accompanying notes to the financial statements.

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Statement of Functional Expenses

	<i>Years Ended June 30,</i>						<i>2016</i>	
	<i>2017</i>			<i>2016</i>				
	<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	\$ 6,235,914	\$ 10,672,055	\$ 1,285,054	\$ 18,193,023	\$ 1,457,521	\$ 35,114	\$ 19,685,658	\$ 18,728,874
Payroll taxes and employee benefits	1,272,831	2,146,938	259,967	3,679,736	310,555	6,837	3,997,128	3,521,746
Total salaries and related expenses	<u>7,508,745</u>	<u>12,818,993</u>	<u>1,545,021</u>	<u>21,872,759</u>	<u>1,768,076</u>	<u>41,951</u>	<u>23,682,786</u>	<u>22,250,620</u>
Professional fees and contracted services	178,686	1,702,566	161,990	2,043,242	833,636	18,771	2,895,649	2,474,097
Other supplies	636,980	167,668	40,379	845,027	117,274	10,568	972,869	1,018,915
Occupancy	633,113	916,742	226,234	1,776,089	289,549	2,588	2,068,226	1,736,682
Transportation	96,981	371,805	40,003	508,789	55,539	1,300	565,628	572,063
Interest	453,595	65,208	16,818	535,621	30,879	-	566,500	587,656
Depreciation and amortization	714,700	291,000	55,440	1,061,140	84,662	-	1,145,802	1,075,000
Other expenses	153,089	385,582	76,781	615,452	380,805	19,298	1,015,555	1,064,292
Total other expenses	<u>2,867,144</u>	<u>3,900,571</u>	<u>617,645</u>	<u>7,385,360</u>	<u>1,792,344</u>	<u>52,525</u>	<u>9,230,229</u>	<u>8,528,705</u>
Total expenses	<u>\$ 10,375,889</u>	<u>\$ 16,719,564</u>	<u>\$ 2,162,666</u>	<u>\$ 29,258,119</u>	<u>\$ 3,560,420</u>	<u>\$ 94,476</u>	<u>\$ 32,913,015</u>	<u>\$ 30,779,325</u>

See accompanying notes to the financial statements.

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Statement of Functional Expenses

Year Ended June 30, 2016

	<i>Program Services</i>			<i>Supporting Services</i>		<i>Total Expenses</i>	
	<i>Campus</i>	<i>Community Services</i>	<i>Young Adult</i>	<i>General and Administrative</i>	<i>Fundraising</i>		
Salaries and wages	\$ 6,094,443	\$ 9,956,776	\$ 1,130,239	\$ 1,718,458	\$ 1,505,761	\$ 41,655	\$ 18,728,874
Payroll taxes and employee benefits	1,158,819	1,870,835	218,067	3,247,721	266,125	7,900	3,521,746
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
Professional fees and contracted services	340,003	1,262,916	175,751	1,778,670	684,203	11,224	2,474,097
Other supplies	636,630	169,885	55,503	862,018	141,488	15,409	1,018,915
Occupancy	622,363	646,399	202,479	1,471,241	264,601	840	1,736,682
Transportation	88,831	384,046	36,767	509,644	61,033	1,386	572,063
Interest	481,656	66,315	8,418	556,389	31,267	-	587,656
Depreciation and amortization	684,814	240,396	26,784	951,994	123,006	-	1,075,000
Other expenses	200,203	483,332	78,246	761,781	279,628	22,883	1,064,292
Total other expenses	3,054,500	3,253,289	583,948	6,891,737	1,585,226	51,742	8,528,705
Total expenses	\$ 10,307,762	\$ 15,080,900	\$ 1,932,254	\$ 27,320,916	\$ 3,357,112	\$ 101,297	\$ 30,779,325

See accompanying notes to the financial statements.

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Statements of Cash Flows

	<i>Years Ended June 30,</i>	
	<i>2017</i>	<i>2016</i>
Cash flows from operating activities:		
Change in net assets	<u>\$ 1,434,766</u>	<u>\$ 1,407,381</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,147,503	1,075,000
Net gains on investments	(120,808)	(18,516)
Loss on disposal of property, plant and equipment	6,754	-
Change in accounts receivable	57,791	(368,834)
Change in contributions receivable	-	2,483
Change in prepaid expenses and deposits	48,405	(69,573)
Change in other current assets	(27,824)	(22,513)
Change in other assets	(150,280)	-
Change in accounts payable	28,092	(204,722)
Change in accrued expenses	(29,011)	256,179
Change in deferred revenue	(57,157)	(11,364)
Change in other liabilities	<u>115,597</u>	<u>53,170</u>
Total adjustments	<u>1,019,062</u>	<u>691,310</u>
Net cash provided by operating activities	<u>2,453,828</u>	<u>2,098,691</u>
Cash flows from investing activities:		
Purchase of investments	(2,205,554)	(190,512)
Proceeds from sale of property, plant and equipment	47,000	-
Proceeds from sale of investments	1,152,911	-
Purchase of property, plant and equipment	<u>(821,944)</u>	<u>(747,479)</u>
Net cash used in investing activities	<u>(1,827,587)</u>	<u>(937,991)</u>
Cash flows from financing activities:		
Principal payments on bonds and notes payable	<u>(709,157)</u>	<u>(682,120)</u>
Net change in cash and cash equivalents	(82,916)	478,580
Cash and cash equivalents, beginning	<u>2,343,753</u>	<u>1,865,173</u>
Cash and cash equivalents, ending	<u>\$ 2,260,837</u>	<u>\$ 2,343,753</u>
Supplemental disclosure:		
Cash paid for interest	<u>\$ 574,699</u>	<u>\$ 600,498</u>

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.

Investment in Limited Liability Company

During fiscal 2017, the Organization entered into a joint venture with other behavioral health entities for the purpose of facilitating patient care coordination to facilitate the efficient and appropriate delivery of behavioral health services to the Metro West area. The Organization has invested \$46,899 to date and the entity will commence operations in 2018. The Organization accounts for this activity under the equity method. This balance is included as part of other assets in the accompanying statements of financial position.

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 employer recruitment related expenses and amounted to \$88,583 and \$39,978 for the years ended June 30, 2017 and 2016, 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 3 - Fair Values of Financial Instruments.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported changes in net assets.

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Notes to Financial Statements

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

Subsequent Events

The Organization has evaluated subsequent events through December 15, 2017, the date the Board of Directors approved and authorized the financial statements to be issued.

Note 2 - Investments

The following is a summary of investments as of June 30:

	<i>2017</i>	<i>2016</i>
Equities	\$ 1,114,039	\$ 642,345
Mutual funds	781,984	237,372
Government securities	297,970	175,167
Corporate bonds	<u>69,808</u>	<u>35,466</u>
Total investments	<u>\$ 2,263,801</u>	<u>\$ 1,090,350</u>

Note 3 - 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>2017</i>		
	<i>Level 1</i>	<i>Level 2</i>	<i>Total</i>
Equities	\$ 1,114,039	\$ -	\$ 1,114,039
Mutual funds	781,984	-	781,984
Government securities	226,030	71,940	297,970
Corporate bonds	<u>-</u>	<u>69,808</u>	<u>69,808</u>
Total investments	<u>\$ 2,122,053</u>	<u>\$ 141,748</u>	<u>\$ 2,263,801</u>

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Notes to Financial Statements

Note 3 - Fair Values of Financial Instruments (Continued)

	2016		
	Level 1	Level 2	Total
Equities	\$ 642,345	\$ -	\$ 642,345
Mutual funds	237,372	-	237,372
Government securities	126,860	48,307	175,167
Corporate bonds	-	35,466	35,466
	<u> </u>	<u> </u>	<u> </u>
Total investments	<u>\$ 1,006,577</u>	<u>\$ 83,773</u>	<u>\$ 1,090,350</u>

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 4 - Property, Plant and Equipment

The following is a summary as of June 30:

	2017	2016
Land and buildings	\$ 26,530,134	\$ 26,530,134
Land and building improvements	2,615,067	2,401,840
Leasehold improvements	412,786	208,661
Furniture and equipment	1,390,875	1,282,187
Vehicles	93,460	36,995
Computer equipment and software	2,267,473	1,849,852
	<u> </u>	<u> </u>
Total cost	33,309,795	32,309,669
Less accumulated depreciation and amortization	9,626,738	8,485,845
	<u> </u>	<u> </u>
Total property, plant and equipment, net	<u>\$ 23,683,057</u>	<u>\$ 23,823,824</u>

Note 5 - 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, 2017 and 2016 was 4.25% and 3.50%, respectively. There were no borrowings outstanding at June 30, 2017 and 2016. The note is secured by all of the Organization's assets.

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Notes to Financial Statements

Note 6 - Bonds and Notes Payable

The following is a summary as of June 30:

	<i>2017</i>	<i>2016</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.	\$ 844,392	\$ 894,732
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.	322,366	364,717
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.	339,249	356,396
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.	14,292,668	14,778,503
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.	315,113	323,743
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.	100,341	205,195
Total bonds and notes payable	16,214,129	16,923,286
Less current portion	(726,474)	(709,767)
Unamortized debt acquisition costs, net	(38,912)	(43,821)
Long-term bonds and notes payable	\$ 15,448,743	\$ 16,169,698

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Notes to Financial Statements

Note 6 - Bonds and Notes Payable (Continued)

Annual principal maturities of bonds and notes payable for the next five years and in the aggregate are as follows at June 30, 2017:

Years Ending June 30,

2018	\$ 727,050
2019	649,304
2020	671,371
2021	696,975
2022	711,690
Thereafter	<u>12,757,739</u>
	<u>\$ 16,214,129</u>

Note 7 - 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, 2017 and 2016 was \$536,097 and \$387,858, respectively. The Organization also leases motor vehicles under various operating leases through May 2019. Vehicle lease expense for the years ended June 30, 2017 and 2016 was \$81,508 and \$82,089, respectively.

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

Years Ending June 30,

2018	\$ 466,000
2019	239,000
2020	145,000
2021	121,000
2022	87,000
Thereafter	<u>345,000</u>
	<u>\$ 1,403,000</u>

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Notes to Financial Statements

Note 8 - Temporarily Restricted Net Assets

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

	<i>2017</i>	<i>2016</i>
Patient fees	\$ 12,156	\$ 15,583
Scholarships	<u>3,600</u>	<u>3,600</u>
	<u>\$ 15,756</u>	<u>\$ 19,183</u>

Amounts released from restriction relate to the following for the years ended June 30:

	<i>2017</i>	<i>2016</i>
Purpose restrictions	\$ 3,427	\$ 1,005
Time restrictions	<u>-</u>	<u>2,600</u>
	<u>\$ 3,427</u>	<u>\$ 3,605</u>

Note 9 - 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 \$214,246 and \$193,008 to the plan for the years ended June 30, 2017 and 2016, respectively.

The Organization offers a retirement plan pursuant to Section 457(b) of the Internal Revenue Code for certain employees. The Organization contributed \$53,562 and \$44,552 to the plan for the years ended June 30, 2017 and 2016, respectively. The assets and liabilities related to the plan are included in investments and other liabilities at June 30, 2017 and 2016.

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 \$26,982 and \$14,765 is included in other liabilities for the years ended June 30, 2017 and 2016, respectively. As part of the plan, the Organization entered into a life insurance policy arrangement with the key employee. Other current assets of \$67,471 and \$39,647 represented the cash surrender value of the policy for the years ended June 30, 2017 and 2016, respectively.

WAYSIDE YOUTH & FAMILY SUPPORT NETWORK, INC.

Notes to Financial Statements

Note 10 - Related Party Transactions

During the years ended June 30, 2017 and 2016, one member of the Board of Directors provided fiduciary services to the Organization. That Board member receives \$18,000 annually for such services. The services are paid out to the Board member quarterly from either the Organization or its sponsored 403b Plan. The Organization incurred fees to this Board member totaling \$4,500 for the years ended June 30, 2017 and 2016, with the balance of \$13,500 being paid from the sponsored 403b Plan in each year.

Note 11 - 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.

Note 12 - Subsequent Events

Subsequent to year end, the Organization entered into an agreement to sell certain real estate for \$900,000. The transaction is expected to close in March 2018.