PARENTING JOURNEY

We help build stronger families.

THE FAMILY CENTER, INC.
D/B/A PARENTING JOURNEY

FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

THE FAMILY CENTER, INC. D/B/A PARENTING JOURNEY

Contents
June 30, 2017 and 2016

AAFCPAs
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50 Washington Street
Westborough, MA 01581
508.366.9100
aafcpa.com

Independent Auditor's Report

To the Board of Directors of
The Family Center, Inc. d/b/a Parenting Journey:

Report on the Financial Statements

We have audited the accompanying financial statements of The Family Center, Inc. d/b/a Parenting Journey (a Massachusetts corporation, not for profit) which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, cash flows and functional expenses 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.

Auditor's 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Family Center, Inc. d/b/a Parenting Journey 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.

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

Wellesley, Massachusetts
February 13, 2018

THE FAMILY CENTER, INC. D/B/A PARENTING JOURNEY

Statements of Financial Position
June 30, 2017 and 2016

	2017				2016			
Assets	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Current Assets:								
Cash	$ 872,275	$ 51,793	$ -	$ 924,068	$ 523,000	$ 51,293	$ -	$ 574,293
Contract and other receivables	18,649	-	-	18,649	40,788	-	-	40,788
Current portion of pledges receivable	-	1,357,500	-	1,357,500	100,000	1,659,000	-	1,759,000
Prepaid expenses and other	26,302	-	-	26,302	31,156	-	-	31,156
Total current assets	917,226	1,409,293	-	2,326,519	694,944	1,710,293	-	2,405,237
Investments	317,134	-	415,000	732,134	302,004	-	415,000	717,004
Pledges Receivable, net of current portion and discount	-	2,598,022	-	2,598,022	-	4,061,087	-	4,061,087
Property and Equipment, net	3,100,822	-	-	3,100,822	3,186,277	-	-	3,186,277
Total assets	$ 4,335,182	$ 4,007,315	$ 415,000	$ 8,757,497	$ 4,183,225	$ 5,771,380	$ 415,000	$ 10,369,605
Liabilities and Net Assets								
Current Liabilities:								
Current portion of long-term debt	$ 31,805	$ -	$ -	$ 31,805	$ 30,558	$ -	$ -	$ 30,558
Accounts payable and accrued expenses	179,311	-	-	179,311	175,571	-	-	175,571
Total current liabilities	211,116	-	-	211,116	206,129	-	-	206,129
Long-Term Debt, net of current portion	400,623	-	-	400,623	432,404	-	-	432,404
Total liabilities	611,739	-	-	611,739	638,533	-	-	638,533
Net Assets:								
Unrestricted:								
Operating	855,049	-	-	855,049	621,377	-	-	621,377
Board designated	200,000	-	-	200,000	200,000	-	-	200,000
Property and equipment	2,668,394	-	-	2,668,394	2,723,315	-	-	2,723,315
Total unrestricted	3,723,443	-	-	3,723,443	3,544,692	-	-	3,544,692
Temporarily restricted	-	4,007,315	-	4,007,315	-	5,771,380	-	5,771,380
Permanently restricted	-	-	415,000	415,000	-	-	415,000	415,000
Total net assets	3,723,443	4,007,315	415,000	8,145,758	3,544,692	5,771,380	415,000	9,731,072
Total liabilities and net assets	$ 4,335,182	$ 4,007,315	$ 415,000	$ 8,757,497	$ 4,183,225	$ 5,771,380	$ 415,000	$ 10,369,605

The accompanying notes are an integral part of these statements.

THE FAMILY CENTER, INC. D/B/A PARENTING JOURNEY

Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2017 and 2016

	2017						2016					
	Unrestricted						Unrestricted					
	Operating and Property and Equipment	Board Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Operating and Property and Equipment	Board Designated	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Support and Revenues:												
Contributions, net of discount	$ 471,462	$ -	$ 471,462	$ 100,935	$ -	$ 572,397	$ 277,445	$ -	$ 277,445	$ 6,828,087	$ -	$ 7,105,532
Consulting and training services	183,878	-	183,878	-	-	183,878	280,105	-	280,105	-	-	280,105
Rental income	72,501	-	72,501	-	-	72,501	40,230	-	40,230	-	-	40,230
Donated services	68,346	-	68,346	-	-	68,346	71,646	-	71,646	-	-	71,646
Investment and other income	30,157	-	30,157	-	-	30,157	27,722	-	27,722	-	-	27,722
Contract service revenue	24,520	-	24,520	-	-	24,520	32,574	-	32,574	-	-	32,574
Net assets released from restrictions:												
Satisfaction of program restrictions	-	-	-	-	-	-	100,000	-	100,000	(100,000)	-	-
Satisfaction of time restrictions	1,440,000	-	1,440,000	(1,440,000)	-	-	1,433,500	-	1,433,500	(1,433,500)	-	-
Total operating support and revenues	2,290,864	-	2,290,864	(1,339,065)	-	951,799	2,263,222	-	2,263,222	5,294,587	-	7,557,809
Operating Expenses:												
Program services	1,401,037	-	1,401,037	-	-	1,401,037	1,280,211	-	1,280,211	-	-	1,280,211
General and administrative	427,782	-	427,782	-	-	427,782	455,265	-	455,265	-	-	455,265
Fundraising and development	288,827	-	288,827	-	-	288,827	308,939	-	308,939	-	-	308,939
Total operating expenses	2,117,646	-	2,117,646	-	-	2,117,646	2,044,415	-	2,044,415	-	-	2,044,415
Changes in net assets from operations	173,218	-	173,218	(1,339,065)	-	(1,165,847)	218,807	-	218,807	5,294,587	-	5,513,394
Other Income and Expense:												
Unrealized gain on investments	5,533	-	5,533	-	-	5,533	18,257	-	18,257	-	-	18,257
Net assets released from capital restrictions	-	-	-	-	-	-	24,000	-	24,000	(24,000)	-	-
Write-off of uncollectable pledges receivable	-	-	-	(425,000)	-	(425,000)	-	-	-	-	-	-
Total other income	5,533	-	5,533	(425,000)	-	(419,467)	42,257	-	42,257	(24,000)	-	18,257
Changes in net assets	178,751	-	178,751	(1,764,065)	-	(1,585,314)	261,064	-	261,064	5,270,587	-	5,531,651
Net Assets, beginning of year	3,344,692	200,000	3,544,692	5,771,380	415,000	9,731,072	3,283,628		3,283,628	500,793	415,000	4,199,421
Net asset transfer	-	-	-	-	-	-	(200,000)	200,000	-	-	-	-
Net Assets, end of year	$ 3,523,443	$ 200,000	$ 3,723,443	$ 4,007,315	$ 415,000	$ 8,145,758	$ 3,344,692	$ 200,000	$ 3,544,692	$ 5,771,380	$ 415,000	$ 9,731,072

The accompanying notes are an integral part of these statements.

THE FAMILY CENTER, INC. D/B/A PARENTING JOURNEY

Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities:		
Changes in net assets	$ (1,585,314)	$ 5,531,651
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	96,842	96,065
Write-off of pledge receivable	425,000	-
Change in discount of long-term pledges receivable	(100,935)	219,413
Unrealized gain on investments	(5,533)	(18,257)
Changes in operating assets and liabilities:		
Contract and other receivables	22,139	13,006
Pledges receivable	1,540,500	(5,614,134)
Prepaid expenses and other	4,854	(5,256)
Accounts payable and accrued expenses	3,740	13,957
Net cash provided by operating activities	401,293	236,445
Cash Flows from Investing Activities:		
Reinvested investment income	(9,597)	(24,929)
Purchases of investments	-	(200,000)
Acquisition of property and equipment	(11,387)	(43,922)
Net cash used in investing activities	(20,984)	(268,851)
Cash Flows from Financing Activities:-		
Principal payments of long-term debt	(30,534)	(29,205)
Net Change in Cash	349,775	(61,611)
Cash:		
Beginning of year	574,293	635,904
End of year	$ 924,068	$ 574,293
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 17,980	$ 19,308
Cash paid for income taxes	$ 5,862	$ 3,347
Supplemental Disclosure of Non-Cash Activity:		
Unrealized gain on investments	$ 5,533	$ 18,257

THE FAMILY CENTER, INC. D/B/A PARENTING JOURNEY

Statement of Functional Expenses
For the Year Ended June 30, 2017
(With Summarized Comparative Totals for the Year Ended June 30, 2016)

	2017					2016
		Supporting Services				
	Program Services	General and Adminis-trative	Fundraising and Development	Total Supporting Services	Total	Total
Personnel and Related:						
Salaries	$ 735,491	$ 102,422	$ 191,049	$ 293,471	$ 1,028,962	$ 949,769
Payroll taxes and fringe benefits	107,929	22,319	33,545	55,864	163,793	113,801
Total personnel and related	843,420	124,741	224,594	349,335	1,192,755	1,063,570
Occupancy:						
Depreciation	89,094	5,811	1,937	7,748	96,842	96,065
Rent	50,183	-	-	-	50,183	43,831
Maintenance	24,279	1,583	528	2,111	26,390	26,746
Utilities	23,197	1,513	504	2,017	25,214	27,020
Interest	12,852	1,790	3,338	5,128	17,980	19,308
Insurance	14,052	916	305	1,221	15,273	15,127
Total occupancy	213,657	11,613	6,612	18,225	231,882	228,097
Other:						
Professional services	224,589	161,643	21,721	183,364	407,953	424,584
Donated services	-	68,346	-	68,346	68,346	71,646
Program support	54,429	-	-	-	54,429	62,239
Other	768	26,988	8,830	35,818	36,586	22,687
Travel	25,262	4,163	4,476	8,639	33,901	62,425
Legal and accounting	-	25,730	-	25,730	25,730	32,425
Small equipment	12,412	1,728	3,224	4,952	17,364	10,783
Office supplies	10,016	1,040	3,887	4,927	14,943	6,089
Postage and printing	4,333	184	6,034	6,218	10,551	21,170
Telephone	7,438	1,150	1,541	2,691	10,129	9,826
Conference services	1,204	-	3,982	3,982	5,186	17,438
Insurance	2,855	398	743	1,141	3,996	4,377
Advertising	-	-	3,001	3,001	3,001	4,554
Professional development	654	58	182	240	894	2,505
Total other	343,960	291,428	57,621	349,049	693,009	752,748
Total operating expenses	$ 1,401,037	$ 427,782	$ 288,827	$ 716,609	$ 2,117,646	$ 2,044,415

The accompanying notes are an integral part of these statements.

THE FAMILY CENTER, INC. D/B/A PARENTING JOURNEY

Statement of Functional Expenses
For the Year Ended June 30, 2016

		Supporting Services			
	Program Services	General and Adminis-trative	Fundraising and Development	Total Supporting Services	Total
Personnel and Related:					
Salaries	$ 676,211	$ 128,302	$ 145,256	$ 273,558	$ 949,769
Payroll taxes and fringe benefits	88,735	8,690	16,376	25,066	113,801
Total personnel and related	764,946	136,992	161,632	298,624	1,063,570
Occupancy:					
Depreciation	88,380	5,764	1,921	7,685	96,065
Rent	43,831	-	-	-	43,831
Maintenance	24,606	1,605	535	2,140	26,746
Utilities	24,859	1,621	540	2,161	27,020
Interest	13,747	2,608	2,953	5,561	19,308
Insurance	13,916	908	303	1,211	15,127
Total occupancy	209,339	12,506	6,252	18,758	228,097
Other:					
Professional services	163,637	165,650	95,297	260,947	424,584
Donated services	-	71,646	-	71,646	71,646
Program support	62,239	-	-	-	62,239
Other	764	20,144	1,779	21,923	22,687
Travel	45,609	9,741	7,075	16,816	62,425
Legal and accounting	-	32,425	-	32,425	32,425
Small equipment	7,677	1,457	1,649	3,106	10,783
Office supplies	5,125	402	562	964	6,089
Postage and printing	6,278	396	14,496	14,892	21,170
Telephone	7,329	1,171	1,326	2,497	9,826
Conference services	2,186	1,822	13,430	15,252	17,438
Insurance	3,115	591	671	1,262	4,377
Advertising	149	-	4,405	4,405	4,554
Professional development	1,818	322	365	687	2,505
Total other	305,926	305,767	141,055	446,822	752,748
Total operating expenses	$ 1,280,211	$ 455,265	$ 308,939	$ 764,204	$ 2,044,415

The accompanying notes are an integral part of these statements.

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS AND NONPROFIT STATUS

The Family Center, Inc. d/b/a Parenting Journey (the Organization) is a nonprofit family support and family therapy agency created in 1982. Its mission is to create safer, more resilient families by supporting them in developing the inner strengths, life skills and network of resources they need to succeed. The Organization's services are comprised of two broad categories: family support services (e.g., Parenting Journey groups) and training programs for human service workers (e.g., Parenting Journey Facilitator training). Since 2000, more than 15,000 parents and caregivers, raising nearly 35,000 children, have benefited from the Organization. In addition, more than 1,200 human service professionals have received training and replicate the program in 500 sites. The Organization opened a training institute in New York City in 2007, and continues to expand its training operations in the New York area and New England.

The Organization 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 (IRC). The Organization is also exempt from state income taxes. Donors may deduct contributions made to the Organization within the IRC's regulations.

SIGNIFICANT ACCOUNTING POLICIES

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

Revenue Recognition

Revenues from unrestricted contributions are recorded when received or unconditionally committed. The Organization reports gifts of cash and other assets as temporarily restricted revenues if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities and changes in net assets as net assets released from restrictions.

Consulting and training services revenue is recognized as services are provided. Consulting and training service fees received in advance of the services being provided are reflected as deferred revenue, which are included in accounts payable and accrued expenses in the accompanying statements of financial position at June 30, 2017 and 2016. Contract service revenue is recorded over the period covered by the grant or contract as services are provided and costs are incurred.

Rental income is recognized ratably over the applicable lease period. Investment and other income are recorded when earned. Gains and losses on investments are recognized as incurred or based on market value changes during the period (see Note 5).

Bequests

The Organization is and may be named principal beneficiary of various trusts and wills. The amounts to be received, if any, cannot be determined and, therefore, are reflected in the Organization's financial statements when the amounts are received.

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Organizations contribute services to the Organization in support of various aspects of its operations. These services are reflected in the accompanying financial statements based upon the estimated value assigned to them by the donating organization. The value of these donated legal services was $68,346 and $71,646 for fiscal years 2017 and 2016, respectively.

Expense Allocations

Expenses related directly to a program are distributed to that program, while other expenses are allocated based upon management's estimate of the percentage attributable to each program.

Advertising

Advertising costs are expensed as incurred.

Pledges Receivable

Pledges receivable consist of amounts unconditionally committed to the Organization (see Note 3). Pledges receivable are recorded at the net present value when committed. Pledges receivable due in greater than one year have been discounted to present value in the accompanying statements of financial position using a discount rate based on U.S. Treasury rates at the time of pledge, which was 1.8% as of June 30, 2016.

Allowance for Doubtful Accounts and Pledges Receivable

The allowance for doubtful accounts is recorded based on the Organization's analysis of specific receivables and their estimate of amounts that may be uncollectible. As of June 30, 2017 and 2016, the Organization has determined that no allowance for doubtful accounts and pledges receivable was deemed necessary.

Investments

The Organization has adopted an investment policy, which includes its endowment assets of $415,000 (see Note 2). Under this policy, as approved by the Board of Directors, the primary long-term financial objective is to maintain the purchasing power of the investment portfolio and all future contributions over the long-term. The secondary financial objectives are to provide within the parameters of moderate risk 1) annual income and 2) long-term growth of the assets. These objectives are measured on a rolling three-to-five year basis.

To satisfy its objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The Organization targets a diversified asset allocation that includes cash equivalents and equity and fixed income investments within prudent risk constraints.

The Organization occasionally receives gifts of stock or other investments. It is the Organization's policy to sell gifts of stock immediately upon receipt.

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment and Depreciation

Property and equipment (see Note 4) with useful lives greater than one year are capitalized and recorded at cost. Donated property and equipment are recorded at fair value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as they are incurred. Land is not depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

Building and improvements	40 years
Office furniture and equipment	3 – 5 years

Long-Lived Assets

Long-lived assets, including property and equipment, are evaluated for impairment in accordance with ASC Topic, Property, Plant and Equipment. If the carrying amount of the long-lived asset (or asset group) exceeds its fair value and the carrying amount is not recoverable, an impairment loss is recognized. An impairment loss is measured as the amount by which the long-lived asset (or asset group) exceeds its fair value. There were no impairment losses recorded during fiscal years 2017 and 2016.

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 disclosures 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.

Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major or central to the provision of program services are reported as operating support and revenues and operating expenses in the accompanying statements of activities and changes in net assets. Peripheral or incidental transactions are reported as other income

Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements,* for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable.

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An 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. All qualifying assets and liabilities are valued using Level 1 inputs.

Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2017 and 2016. The Organization's information returns are subject to examination by the Federal and state jurisdictions.

Although the Organization is organized as a nonprofit corporation, net income from non-program rent is considered unrelated business income subject to taxation by the Internal Revenue Service. There was $5,862 and $3,347 of unrelated business income tax expense for the years ended June 30, 2017 and 2016, respectively, which is included in other expense in the accompanying statements of functional expenses.

Subsequent Events

Subsequent events have been evaluated through February 13, 2018 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. NET ASSETS

Unrestricted Net Assets

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by the Organization. The Organization has grouped its unrestricted net assets into the following categories:

- ***Operating net assets*** represent amounts which bear no external restrictions and are currently available for operations.
- ***Board designated net assets*** represent amounts set aside by the Board of Directors that may only be used with the approval of the Board of Directors. During fiscal year 2016, the Board of Directors voted to designate $200,000 of contributions received as board designated funds functioning as an endowment.
- ***Property and equipment net assets*** represent amounts expended and resources available for property and equipment, net of related debt.

Temporarily Restricted Net Assets

Temporarily restricted net assets are donor-restricted contributions which have not yet been expended for their designated purpose or which are time restricted for future periods. Temporarily restricted net assets consist of the following as of June 30:

	2017	2016
Time	$ 3,955,522	$ 5,720,087
Purpose	51,793	51,293
	$ 4,007,315	$ 5,771,380

Permanently Restricted Net Assets

Permanently restricted net assets consist of funds that are restricted by donors against any expenditures of principal. The accumulated income and any capital appreciation are expendable for the support of the Organization's operations and are recorded in unrestricted net assets, as per donor intent.

3. PLEDGES RECEIVABLE

Pledges receivable are expected to be received as follows at June 30:

	2017	2016
Due within one year	$ 1,357,500	$ 1,759,000
Due within two years	1,356,500	1,558,500
Due within three to five years	1,360,000	2,722,000
	4,074,000	6,039,500
Less - discount	118,478	219,413
	3,955,522	5,820,087
Less - current portion	1,357,500	1,759,000
Long-term pledges receivable, net	$ 2,598,022	$ 4,061,087

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2017	2016
Land	$ 726,160	$ 726,160
Building and improvements	3,713,422	3,702,035
Office furniture and equipment	234,432	234,432
	4,674,014	4,662,627
Less - accumulated depreciation	1,573,192	1,476,350
Net property and equipment	$ 3,100,822	$ 3,186,277

5. INVESTMENTS

Investments are recorded at fair value (see Note 1) and are comprised as of the following as of June 30:

	2017	2016
Mutual fund - equity and fixed income blend	$ 654,789	$ 640,033
Money market	77,345	76,971
	$ 732,134	$ 717,004

Investments are not insured and are subject to ongoing market fluctuations. Investments are considered long-term assets by management because the Organization's intent is to use the investments for future needs. All investments are valued using Level 1 inputs (see Note 1).

The Organization earned $26,219 and $24,929 of dividend income for fiscal years 2017 and 2016, respectively, which is included in investment and other income in the accompanying statements of activities and changes in net assets.

6. LINE OF CREDIT

The Organization has a $300,000 demand line of credit available with a bank that is guaranteed by a member of the Board of Directors (see Note 8). There were no amounts outstanding at June 30, 2017 and 2016. Advances are due on demand and interest is payable monthly at the greater of the bank's prime rate (4.25% and 3.50% as of June 30, 2017 and 2016, respectively), minus 0.75%, or the London Interbank Offer Rate (LIBOR) (1.7% and 1.2% at June 30, 2017 and 2016, respectively), plus 1%. The interest rate on borrowings was 3.50% and 2.75% as of June 30, 2017 and 2016, respectively. The line of credit contains certain financial covenants with which the Organization must comply. The Organization was in compliance with these covenants as of June 30, 2017 and 2016. The line of credit renews annually.

7. LONG-TERM DEBT

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

	2017	2016
3.95% note payable to a bank, due in monthly principal and interest payments of $4,043. The interest rate will reset in June 2018 to the greater of the Federal Home Loan Bank of Boston rate, plus 1.9% or 3.95%. The note matures in June 2023, at which time a balloon payment of $220,323 is due. This note is secured by a mortgage on land and a building and a limited personal guarantee of a member of the Board of Directors (see Note 8).	$ 432,428	$ 462,962
Less - current portion	31,805	30,558
	$ 400,623	$ 432,404

Remaining aggregate maturities of long-term debt over the next five years are as follows:

Fiscal Year	
2018	$ 31,805
2019	$ 33,139
2020	$ 34,414
2021	$ 35,856
2022	$ 37,719

The note payable agreement contains various covenants with which the Organization must comply. The Organization was in compliance with these covenants at June 30, 2017 and 2016.

8. FUNDING AND RELATED PARTY TRANSACTIONS

The Organization receives a portion of its funding under contracts with the Commonwealth of Massachusetts. All contracts 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 Organization as of June 30, 2017 and 2016, or on its changes in net assets for the years then ended.

A substantial portion of the Organization's support and revenue consists of contributions from corporations, foundations and individuals. Approximately 11% and 13% of total support and revenue, net of donated services, for the years ended June 30, 2017 and 2016, are from a member of the Board of Directors (who is also the Founder of the Organization), her family and her family's foundation. This individual has also personally guaranteed both the long-term debt (see Note 7) and line of credit (see Note 6).

During fiscal years 2017 and 2016, approximately $51,000 (6%) and $6,787,000 (90%), respectively, of the Organization's total operating support and revenue were contributed by other members of the Board of Directors. As of June 30, 2017 and 2016, $4,074,000 (100%) and $5,431,500 (90%), respectively, of the Organization's gross pledges receivable were due from members of the Board of Directors.

9. RETIREMENT PLAN

The Organization offers employees a self-administered retirement benefit plan organized under Section 403(b) of the IRC. Any employee who works more than thirty hours per week is eligible to participate in the plan. Employees may make pre-tax contributions up to the IRC's limitations. The Organization may make a discretionary match of up to 25% of the employee contributions. Employer contributions vest immediately. The Organization contributed $5,687 and $5,727 to the plan during fiscal years 2017 and 2016, respectively, which is included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

10. LEASE AGREEMENTS

Operating

The Organization leases program space as a tenant-at-will. Rent expense for the facility was $50,183 and $43,831 for fiscal years 2017 and 2016, respectively. The Organization also leases equipment through January 2020. Total expenses related to the equipment lease was $9,150 and $8,400 for fiscal years 2017 and 2016, respectively, and is included in small equipment in the accompanying statements of functional expenses. Future minimum lease payments under the equipment lease agreement are expected to be as follows:

Fiscal Year	
2018	$ 9,900
2019	$ 9,900
2020	$ 9,900
2021	$ 4,950

Sub-lease Agreements

The Organization had an agreement to sub-lease a portion of its building that expired in December 2015. Rent received under this agreement was $12,729 for fiscal year 2016.

The Organization entered into another agreement to sub-lease a portion of its property beginning July 2013, which expired on June 30, 2016. The lease was not renewed at June 30, 2016, but the current occupant is a tenant-at-will paying $1,250 monthly. Rent received under this agreement was $15,000 for fiscal years June 30, 2017 and 2016.

The Organization entered into another agreement to sub-lease a portion of its building beginning April 2016 through March 2019. Monthly payments under the terms of the lease were $4,167 through September 2016, at which time the monthly payments increased to $5,000.

Future minimum lease payments in accordance with this agreement are as follows:

Fiscal Year	
2018	$ 60,000
2019	$ 45,000

11. CONCENTRATIONS

Credit Risk

The Organization maintains its cash balances in a bank in Massachusetts. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain limits. At certain times during the year, cash balances exceeded the insured amounts. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on its cash.

Funding

In addition to the funding from a member of the Organization's Board of Directors (see Note 8), the Organization has the following funding concentrations:

Approximately 81% and 80% of total support and revenues, net of donated services, for fiscal years 2017 and 2016, respectively, are from two donors.

Approximately 80% and 79% of gross pledges receivable as of June 30, 2017 and 2016, respectively, are due from two donors and one donor, respectively.

12. ENDOWMENT

The Organization maintains its endowment in unrestricted Board designated net assets (see Note 1). Changes in endowment net assets are as follows:

	Unrestricted Board Designated
Endowment net assets, June 30, 2015	$ -
Contributions	200,000
Endowment net assets, June 30, 2016	200,000
Contributions	-
Endowment net assets, June 30, 2017	$ 200,000

13. RECLASSIFICATION

Certain amounts in the fiscal year 2016 financial statements have been reclassified to conform with the fiscal year 2017 presentation.