

**Consolidated Financial Statements**  
**The May Institute, Inc. and Affiliates**  
**June 30, 2011 and 2010**



**Mayer Hoffman McCann P.C.**  
**Tofias New England Division**  
An Independent CPA Firm

# THE MAY INSTITUTE, INC. AND AFFILIATES

## *Consolidated Financial Statements*

### *Table of Contents*

#### *Consolidated Financial Statements:*

Independent Auditors' Report	1
Consolidated Statements of Financial Position	2
Consolidated Statement of Activities	3
Consolidated Statement of Functional Expenses	4-5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7-25



Mayer Hoffman McCann P.C.  
Tofias New England Division  
An Independent CPA Firm

500 Boylston Street ■ Boston, MA 02116  
Tel: 617.761.0600 ■ Fax: 617.761.0601 ■ [www.cbiztofias.com](http://www.cbiztofias.com)

*Independent Auditors' Report*

Boards of Trustees  
The May Institute, Inc. and Affiliates  
Randolph, Massachusetts

We have audited the accompanying consolidated statement of financial position of The May Institute, Inc. and Affiliates (the "Organization") as of June 30, 2011, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year's summarized financial information has been derived from the Organization's fiscal year 2010 consolidated financial statements, and in our report dated December 10, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The May Institute, Inc. and Affiliates as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

*Mayer Hoffman McCann P.C.*

December 9, 2011  
Boston, Massachusetts

# THE MAY INSTITUTE, INC. AND AFFILIATES

## *Consolidated Statements of Financial Position*

	<i>June 30,</i>	
	<i>2011</i>	<i>2010</i>
<b>Assets</b>		
Cash and cash equivalents	\$ 6,216,771	\$ 6,160,229
Escrow deposits	1,851,500	1,930,284
Accounts receivable, net of allowance for doubtful accounts	7,955,621	7,576,455
Pledges receivable, net of allowance of uncollectable pledges	229,223	-
Prepaid and deferred expenses	176,666	63,090
Investments	5,506,549	4,870,304
Deposits	405,813	419,101
Deferred costs, less accumulated amortization	1,018,489	754,597
Property, plant and equipment, at cost, less accumulated depreciation and amortization	38,730,944	32,376,360
Construction in progress	454,561	364,377
	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 62,546,137</b>	<b>\$ 54,514,797</b>
	<hr/>	<hr/>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 1,217,143	\$ 1,067,151
Accrued expenses	5,109,345	4,852,122
Deferred revenue	672,001	705,524
Third-party payor settlements	119,435	569,435
Estimated third-party payor liabilities	30,054	91,554
Line-of-credit	3,740,372	3,430,110
Interest rate swap agreement	-	925,138
Mortgage notes payable	1,764,186	6,499,192
Bonds payable, net of unamortized discount	29,082,313	18,650,273
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>41,734,849</b>	<b>36,790,499</b>
	<hr/>	<hr/>
Net assets:		
Unrestricted	19,229,298	16,351,762
Temporarily restricted	1,580,990	1,371,536
Permanently restricted	1,000	1,000
	<hr/>	<hr/>
<b>Total net assets</b>	<b>20,811,288</b>	<b>17,724,298</b>
	<hr/>	<hr/>
<b>Total liabilities and net assets</b>	<b>\$ 62,546,137</b>	<b>\$ 54,514,797</b>
	<hr/>	<hr/>

See accompanying notes to the consolidated financial statements.

# THE MAY INSTITUTE, INC. AND AFFILIATES

## Consolidated Statement of Activities

Year Ended June 30, 2011

(With Summarized Financial Information for June 30, 2010)

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>2011 Total</i>	<i>2010 Total</i>
Revenues, gains, losses and other support:					
Tuition	\$ 34,387,336	\$ -	\$ -	\$ 34,387,336	\$ 34,146,517
Contract revenue	52,562,857	-	-	52,562,857	50,787,956
Consulting and management services	3,712,253	-	-	3,712,253	3,667,840
Third-party fees - net of free services and contractual adjustments	9,797,715	-	-	9,797,715	8,449,000
Consumer revenue	3,790,094	-	-	3,790,094	4,602,839
Other program revenue	1,086,057	-	-	1,086,057	686,030
Contributions, grants and subsidies	1,942,595	242,423	-	2,185,018	1,220,749
Interest income	178,881	-	-	178,881	190,939
Net gain on investment transactions	487,022	-	-	487,022	443,937
Loss on interest rate swap agreement	(149,862)	-	-	(149,862)	(272,423)
Gains on sales of property and equipment	429,797	-	-	429,797	173,362
Other sources	304,901	-	-	304,901	92,077
Net assets released from restrictions	32,969	(32,969)	-	-	-
<b>Total revenues, gains, losses and other support</b>	<b>108,562,615</b>	<b>209,454</b>	<b>-</b>	<b>108,772,069</b>	<b>104,188,823</b>
Expenses:					
The May Institute, Inc. Program Services:					
Educational Services	27,885,161	-	-	27,885,161	27,161,321
Residential and Day Services	48,274,976	-	-	48,274,976	45,206,439
Consulting and Home Based Services	5,608,304	-	-	5,608,304	4,940,336
Special Projects	1,010,181	-	-	1,010,181	2,354,494
Behavioral Health Services	6,362,265	-	-	6,362,265	6,773,502
Greater Springfield Residences, Inc. Program Services	75,342	-	-	75,342	69,431
The May-West Roxbury Residence, Inc. Program Services	68,059	-	-	68,059	71,970
The Bay School Program Services	3,268,871	-	-	3,268,871	3,334,256
National Autism Center, Inc. Program Services	285,049	-	-	285,049	177,401
<b>Total program services</b>	<b>92,838,208</b>	<b>-</b>	<b>-</b>	<b>92,838,208</b>	<b>90,089,150</b>
Management and general	12,565,963	-	-	12,565,963	11,148,087
Fundraising	280,908	-	-	280,908	332,071
<b>Total expenses</b>	<b>105,685,079</b>	<b>-</b>	<b>-</b>	<b>105,685,079</b>	<b>101,569,308</b>
<b>Change in net assets</b>	<b>2,877,536</b>	<b>209,454</b>	<b>-</b>	<b>3,086,990</b>	<b>2,619,515</b>
Net assets at beginning of year	16,351,762	1,371,536	1,000	17,724,298	15,104,783
<b>Net assets at end of year</b>	<b>\$ 19,229,298</b>	<b>\$ 1,580,990</b>	<b>\$ 1,000</b>	<b>\$ 20,811,288</b>	<b>\$ 17,724,298</b>

See accompanying notes to the consolidated financial statements.

# THE MAY INSTITUTE, INC. AND AFFILIATES

## *Consolidated Statement of Functional Expenses*

*Year Ended June 30, 2011*

	<i>The May Institute, Inc.</i>					
	<i>Educational Services</i>	<i>Residential and Day Services</i>	<i>Consulting and Home Based Services</i>	<i>Special Projects</i>	<i>Behavioral Health Services</i>	<i>Balance Forward</i>
Salaries and wages	\$ 18,928,736	\$ 30,970,958	\$ 4,024,849	\$ 626,177	\$ 3,678,789	\$ 58,229,509
Employee benefits and payroll taxes	3,597,581	6,096,934	815,362	116,824	715,905	11,342,606
Total payroll and employee benefits	22,526,317	37,067,892	4,840,211	743,001	4,394,694	69,572,115
Professional fees and contracted services	360,172	600,764	131,076	167,998	44,737	1,304,747
Occupancy	2,120,140	4,975,453	207,305	76,866	1,002,505	8,382,269
Supplies	576,540	931,306	72,971	5,989	160,866	1,747,672
Transportation	379,159	2,184,458	207,800	4,675	213,429	2,989,521
Dietary expense	500,854	1,087,810	5,342	422	220,828	1,815,256
Interest expense	574,807	509,532	-	-	17,653	1,101,992
Depreciation and amortization	697,826	525,815	15,055	4,048	60,903	1,303,647
Other	149,346	391,946	128,544	7,182	246,650	923,668
<b>Total expenses</b>	<b>\$ 27,885,161</b>	<b>\$ 48,274,976</b>	<b>\$ 5,608,304</b>	<b>\$ 1,010,181</b>	<b>\$ 6,362,265</b>	<b>\$ 89,140,887</b>

*See accompanying notes to the consolidated financial statements.*

**THE MAY INSTITUTE, INC. AND AFFILIATES**

***Consolidated Statement of Functional Expenses (Continued)***

***Year Ended June 30, 2011***

	<b><i>Balance Forward</i></b>	<b><i>Greater Springfield Residences, Inc.</i></b>	<b><i>The May-West Roxbury Residences, Inc.</i></b>	<b><i>The Bay School</i></b>	<b><i>National Autism Center</i></b>	<b><i>Total Program Services</i></b>	<b><i>Management and General</i></b>	<b><i>Fundraising</i></b>	<b><i>Total Expenses</i></b>
Salaries and wages	\$ 58,229,509	\$ 15,496	\$ 7,836	\$ 1,914,447	\$ 154,451	\$ 60,321,739	\$ 6,420,882	\$ 185,936	\$ 66,928,557
Employee benefits and payroll taxes	11,342,606	3,046	1,541	493,656	26,540	11,867,389	1,425,110	43,279	13,335,778
Total payroll and employee benefits	69,572,115	18,542	9,377	2,408,103	180,991	72,189,128	7,845,992	229,215	80,264,335
Professional fees and contracted services	1,304,747	3,362	-	129,918	-	1,438,027	1,154,683	24,950	2,617,660
Occupancy	8,382,269	29,714	28,880	426,570	-	8,867,433	897,733	3,520	9,768,686
Supplies	1,747,672	-	-	59,751	-	1,807,423	359,189	3,446	2,170,058
Transportation	2,989,521	-	-	136,650	-	3,126,171	611,213	1,993	3,739,377
Dietary expense	1,815,256	-	-	22,726	-	1,837,982	38,608	25	1,876,615
Interest expense	1,101,992	-	-	-	-	1,101,992	518,676	-	1,620,668
Depreciation and amortization	1,303,647	23,724	28,917	56,444	-	1,412,732	559,109	640	1,972,481
Other	923,668	-	885	28,709	104,058	1,057,320	580,760	17,119	1,655,199
<b>Total expenses</b>	<b>\$ 89,140,887</b>	<b>\$ 75,342</b>	<b>\$ 68,059</b>	<b>\$ 3,268,871</b>	<b>\$ 285,049</b>	<b>\$ 92,838,208</b>	<b>\$ 12,565,963</b>	<b>\$ 280,908</b>	<b>\$ 105,685,079</b>

See accompanying notes to the consolidated financial statements.

# THE MAY INSTITUTE, INC. AND AFFILIATES

## *Consolidated Statements of Cash Flows*

*Years Ended June 30,*

	<i>2011</i>	<i>2010</i>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 3,086,990	\$ 2,619,515
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,968,192	1,960,582
Non-cash interest expense	2,170	18,987
Net gains on investment transactions	(486,792)	(440,283)
Loss on interest rate swap agreement	149,862	272,423
Loss on disposal of assets	6,772	10,428
Change in:		
Accounts receivable	(379,166)	(484,009)
Pledges receivable	(229,223)	-
Prepaid and deferred expenses	(113,576)	93,796
Deposits	13,288	(8,151)
Deferred costs	(303,500)	-
Accounts payable	149,991	(213,140)
Accrued expenses	257,223	297,943
Deferred revenue	(33,523)	(20,544)
Third-party payor settlements and estimated third-party payor liabilities	(511,500)	(843,000)
<b>Net cash provided by operating activities</b>	<b><u>3,577,208</u></b>	<b><u>3,264,547</u></b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(8,292,109)	(526,661)
Proceeds from investment sales	1,174,880	1,517,559
Net purchases of investments	(1,324,333)	(662,688)
Change in escrow deposits	78,784	16,689
Change in construction in progress	(90,184)	(253,596)
<b>Net cash provided by (used in) investing activities</b>	<b><u>(8,452,962)</u></b>	<b><u>91,303</u></b>
<b>Cash flows from financing activities:</b>		
Proceeds from mortgage notes payable	-	700,000
Repayments of mortgage notes payable	(4,735,006)	(271,474)
Proceeds from bonds payable	16,000,000	-
Repayments of bonds payable	(5,567,960)	(475,000)
Repayment of interest rate swap	(1,075,000)	-
Net advance on line-of-credit	310,262	306,501
<b>Net cash provided by financing activities</b>	<b><u>4,932,296</u></b>	<b><u>260,027</u></b>
<b>Net increase in cash and cash equivalents</b>	<b>56,542</b>	<b>3,615,877</b>
Cash and cash equivalents at beginning of year	<u>6,160,229</u>	<u>2,544,352</u>
<b>Cash and cash equivalents at end of year</b>	<b>\$ <u>6,216,771</u></b>	<b>\$ <u>6,160,229</u></b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	\$ <u>1,625,416</u>	\$ <u>1,494,687</u>

*See accompanying notes to the consolidated financial statements.*



# THE MAY INSTITUTE, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

### *Note 1 - Nature of Activities and Significant Accounting Policies*

#### *Nature of Activities*

The May Institute, Inc. and Affiliates (the “Organization”) are not-for-profit organizations established for the purpose of providing educational and rehabilitative services for individuals and the families of individuals with autism, developmental disabilities, behavior disorders, and mental illness.

A summary of the Organization’s significant accounting policies follows:

#### *Basis of Consolidation*

The consolidated financial statements include the accounts of The May Institute, Inc. (“May”), May Professional Associates, Inc., Greater Springfield Residences, Inc., The May-West Roxbury Residence, Inc., The Bay School, and National Autism Center. These corporations are under common management and control. All significant intercompany account balances and transactions have been eliminated in combination.

On July 1, 2010, May Professional Associates, Inc. was dissolved and all net assets were transferred to May.

#### *Financial Statement Presentation*

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting.

#### *Classification and Reporting of Net Assets*

The Organization classifies net assets into three net asset classes according to donor-imposed restrictions. A description of the three 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.
- *Permanently restricted net assets* represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

# **THE MAY INSTITUTE, INC. AND AFFILIATES**

## ***Notes to Consolidated Financial Statements***

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

#### ***Cash and Cash Equivalents***

The Organization defines cash equivalents as short-term highly liquid investments with original maturities of three months or less. Cash equivalents held by investment managers are considered part of investments given the expectation of near term reinvestment.

The Organization maintains cash in bank deposit 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.

#### ***Escrow Deposits***

Escrow deposits represent the debt service reserve funds related to tax-exempt bond issuances and escrow accounts required to be maintained by the U.S. Department of Housing and Urban Development (HUD). These amounts are carried at fair value as described later in this section.

#### ***Accounts Receivable***

Accounts receivable are carried at their net realizable value. Accounts receivable consists mainly of accounts receivable from third-party payor sources and grants and contracts receivable from state and local governments. Accounts receivable where a third-party payor is responsible for paying the amount are carried at the original charge for the service provided. Consumer receivables due directly from the consumers are carried at the original charge for services provided. Grants and contracts receivable are carried at original invoice amount.

Management determines the allowance for doubtful accounts by regularly evaluating individual receivables and considering the services provided and the current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as an increase to the allowance for doubtful accounts when received. Interest is not charged on receivables.

#### ***Investments and Investment Income***

Investments are carried at fair value. Fair value is determined as per the fair value policies described later in this section. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in revenues, gains, losses and other support.

# THE MAY INSTITUTE, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

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

#### *Amortization*

Deferred costs, which consists of loan origination costs, capitalized interest costs, and bond issuance costs are being amortized over the life of the loan on a straight-line basis. Bond issuance costs include the costs incurred in connection with obtaining long-term bond financing, consisting primarily of legal fees and underwriting costs. Amortization expense for each of the next five years will amount to \$45,131, and \$792,834 to be amortized thereafter.

#### *Property and Equipment and Depreciation*

Property and equipment are recorded at cost except for contributed assets, which are recorded at estimated fair value at the date of gift.

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

Buildings and building improvements	20 - 27.5 years
Leasehold improvements	5 years - term of lease which ever is greater
Furniture and fixtures	3 - 7 years
Equipment	3 - 10 years
Motor vehicles	3 - 5 years

Expenditures for major renewals and improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred.

#### *Construction in Progress*

Costs associated with the construction of major projects are accumulated until completion. The completed asset is then depreciated over its useful life once it has been placed in service.

#### *Revenue Recognition*

All of the Organization's students and consumers are primarily supported by state municipalities, Massachusetts and Connecticut Departments of Developmental Services, and Florida Medicaid. The Organization is subject to the regulations and rate formulas of the various funding agencies. Revenue is being recorded at the Organization's rates of reimbursement as certified by the applicable funding agencies.

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 MAY INSTITUTE, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

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

#### *Interest Rate Swap Agreement*

The Organization reported the value of its interest rate swap agreement at fair value. Fair value was determined as per the fair value policies as described later in this section. The swap agreement was terminated during the year ended June 30, 2011 during the refinancing of the Series 2006 bonds, and, as such, no asset or liability was reported as of June 30, 2011.

#### *Contributions and Pledges Receivable*

Contributions, including unconditional promises to give, are recorded at fair value in the period received or initially pledged. 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 reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of 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 fund raising activities. On occasion, the Organization receives certain in-kind contributions which are not recorded as revenue and expenses.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class. Contributions received with donor-imposed restrictions that are met subsequent to the year in which they are received are reported as revenues of the temporarily restricted net asset class when they are received. A reclassification to unrestricted net assets is made to reflect the expiration of such restrictions in the year the restriction is met.

Contributions of land, buildings and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire land, buildings and equipment with stipulations are reported as revenues of the temporarily restricted net asset class. The restrictions are considered to be released at the time of acquisition of such long-lived assets.

Contributions of services are reported as revenues and expenses of the unrestricted net asset class at the fair value of the services received only if the services create or enhance a nonfinancial asset or would typically need to be purchased, require specialized skills, and be provided by individuals with those skills. Contributions of goods and space to be used in program operations are reported as revenues and expenses of the unrestricted net asset class at the time the goods or space is received.

# THE MAY INSTITUTE, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

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

#### *Fair Value Measurements*

The Organization reports certain assets and liabilities at fair value on a recurring and non-recurring basis depending on the underlying accounting policy for the particular item. Recurring fair value measures include the Organization's investment accounts. The Organization does not have any non-recurring measures. 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 these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique.

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. In such instances, an instrument's level within the fair value hierarchy 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. 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 6 - Fair Value of Financial Instruments.

#### *Income Tax Status*

May, May Professional Associates, Inc., Greater Springfield Residences, Inc., May-West Roxbury Residence, Inc., The Bay School and National Autism Center are recognized under Section 501(c)(3) of the Internal Revenue Code and are generally exempt from Federal and state income taxes. Accordingly, no provision for income taxes is made in the consolidated financial statements.

# **THE MAY INSTITUTE, INC. AND AFFILIATES**

## ***Notes to Consolidated Financial Statements***

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

#### ***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. The Organization has identified its tax status as a tax-exempt entity as its only significant tax position; however, the Organization has determined that such tax position does not result in an uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdictions. The Organization’s Federal and state tax returns are generally open for examination for three years following the date filed.

#### ***Use of Estimates***

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The consolidated financial statements include estimates for third-party payor settlements, allowances for uncollectible accounts, allowance for uncollectable pledges, the fair value of interest rate swap agreement, and estimated useful lives for property, plant and equipment. Actual results could differ from those estimates.

#### ***Allocation of Functional Expense***

The cost of providing various programs and other activities has been summarized on a functional basis in the consolidated statement of activities. Costs have been allocated to functional classifications based on percentage of effort, usage, square footage and other criteria.

#### ***Advertising***

The Organization expenses advertising costs as incurred.

#### ***Reclassifications***

Certain amounts in the 2010 financial statements have been reclassified to conform to the 2011 financial statements presentation.

#### ***Subsequent Events***

The Organization has evaluated subsequent events through December 9, 2011, the date the consolidated financial statements were authorized to be issued.

# THE MAY INSTITUTE, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

### *Note 2 - Escrow Deposits*

Escrow deposits consist of the following at June 30:

	<i>2011</i>	<i>2010</i>
Debt service reserve fund	\$ 1,184,962	\$ 1,184,766
Debt service fund	601,928	686,421
HUD required escrow accounts	56,043	50,615
Capitalized interest fund	6,969	7,180
Other	1,598	1,302
	<u>\$ 1,851,500</u>	<u>\$ 1,930,284</u>

### *Note 3 - Accounts Receivable*

Accounts receivable are reported in the consolidated financial statements net of an allowance for doubtful accounts totaling \$455,756 and \$721,099 at June 30, 2011 and 2010, respectively.

### *Note 4 - Pledges Receivable*

Pledges receivable are reported in the consolidated financial statements net of an allowance for uncollectable pledges totaling \$43,222 and \$0 at June 30, 2011 and 2010, respectively. The pledges receivable balance is expected to be collected within one year.

### *Note 5 - Investments*

The fair value of investments consist of the following at June 30:

	<i>2011</i>	<i>2010</i>
Cash and cash equivalents	\$ 109,382	\$ 258,595
Mutual funds:		
Stock funds	1,926,669	1,408,635
Fixed income	1,513,267	1,689,304
Bond funds	1,247,375	1,510,107
Debt securities	601,617	-
Stocks	108,239	3,663
	<u>\$ 5,506,549</u>	<u>\$ 4,870,304</u>

# THE MAY INSTITUTE, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

### Note 5 - Investments (Continued)

Investment income consisted of the following for the years ended June 30:

	2011	2010
Interest and dividends	\$ 149,453	\$ 162,688
Net realized gains (losses)	136,395	(111,285)
Net unrealized gains	<u>350,397</u>	<u>551,568</u>
<b>Net investment income</b>	<b>\$ <u>636,245</u></b>	<b>\$ <u>602,971</u></b>

On March 12, 2010, the Organization borrowed \$700,000 through a mortgage note payable to finance certain capital improvements, collateralized by the Organization's investments. As of June 30, 2011 and 2010, the balance outstanding on the mortgage note totaled \$0 and \$691,250, respectively.

### Note 6 - Fair Value of Financial Instruments

The valuation of the Organization's instruments using the fair value hierarchy consisted of the following at June 30, 2011:

Description	Total	Level 1	Level 2	Level 3
<b>Assets</b>				
Mutual funds:				
Stock funds	\$ 1,926,669	\$ 1,926,669	\$ -	\$ -
Fixed income	1,513,267	1,513,267	-	-
Bond funds	1,247,375	1,247,375	-	-
Debt securities	601,617	601,617	-	-
Fidelity cash and cash reserves	109,382	109,382	-	-
Stocks	<u>108,239</u>	<u>108,239</u>	<u>-</u>	<u>-</u>
<b>Investments</b>	<b>\$ <u>5,506,549</u></b>	<b>\$ <u>5,506,549</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>-</u></b>



# THE MAY INSTITUTE, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

### Note 6 - Fair Value of Financial Instruments (Continued)

The valuation of the Organization's instruments using the fair value hierarchy consisted of the following at June 30, 2010:

<i>Description</i>	<i>Total</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
<b>Assets</b>				
Mutual funds:				
Stock funds	\$ 1,408,635	\$ 1,408,635	\$ -	\$ -
Fixed income	1,689,304	1,689,304	-	-
Bond funds	1,510,107	1,510,107	-	-
Fidelity cash and cash reserves	258,595	258,595	-	-
Stocks	3,663	3,663	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Investments</b>	<b>\$ 4,870,304</b>	<b>\$ 4,870,304</b>	<b>\$ -</b>	<b>\$ -</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Liabilities</b>				
<b>Interest rate swap agreement</b>	<b>\$ 925,138</b>	<b>\$ -</b>	<b>\$ 925,138</b>	<b>\$ -</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Management has determined that fair value approximates carrying value for cash and cash equivalents, escrow deposits, accounts receivable, net, prepaid and deferred expenses, deposits, accounts payable, accrued expenses, and line-of-credit, given the short-term nature of these instruments. Management has no practical or cost effective way of determining fair value for pledges receivable. The fair value of mortgage notes payable and bonds payable is believed to approximate carrying value; however, without the credit enhancements, the fair value of these instruments would be less than carrying value. Management has not computed such amounts given the cost associated with such data. Management believes that this information is not meaningful to readers given the long-term commitments from the credit enhancing partners.

# THE MAY INSTITUTE, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

### *Note 7 - Property, Plant and Equipment*

Following is a summary of property, plant and equipment as of June 30:

	<b>2011</b>	<b>2010</b>
Land	\$ 10,854,979	\$ 8,325,287
Buildings and improvements	31,756,430	27,255,033
Leasehold improvements	4,395,299	4,243,367
Furniture and fixtures	775,607	1,024,335
Equipment	3,810,986	5,042,764
Motor vehicles	<u>61,023</u>	<u>61,023</u>
	51,654,324	45,951,809
Less accumulated depreciation and amortization	<u>(12,923,380)</u>	<u>(13,575,449)</u>
	<b><u>\$ 38,730,944</u></b>	<b><u>\$ 32,376,360</u></b>

Upon purchase of a previously leased facility, certain leasehold improvements that were placed into service prior to the purchase of the property were transferred from leasehold improvements to buildings and improvements (see Note 20).

### *Note 8 - Construction in Progress*

Construction in progress totaled \$454,561 and \$364,377 as of June 30, 2011 and 2010, respectively. The June 30, 2011 balance consists primarily of costs incurred for a software project and building improvements for various locations. The estimated remaining cost to complete these projects is approximately \$26,000, and they are expected to all be operational by October 2011. All construction in progress that was outstanding as of June 30, 2010 was placed into service as of June 30, 2011.

# THE MAY INSTITUTE, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

### ***Note 9 - Mortgage Notes Payable***

Mortgage notes payable consist of the following at June 30, 2011 and 2010:

	<b><i>2011</i></b>	<b><i>2010</i></b>
The Organization had various mortgage notes payable to a financial institution in monthly installments totaling \$15,720. In October 2010, these mortgages were paid in full with proceeds from the 2010 Bonds (see Note 11). The notes were secured by real property.	\$ -	\$ 3,366,660
Various mortgage notes payable to financial institutions in monthly installments totaling \$14,170 including interest at rates ranging from 6.63% to 6.93% through dates ranging from 2012 to 2030. The notes are secured by real property.	1,020,782	2,389,128
Various non-interest bearing mortgage notes payable to a Housing Authority with total principal due November 2032. The notes are secured by a second mortgage on real property.	102,557	102,557
Mortgage note payable to the Facility Consolidation Fund with total principal plus interest at 0% due June 2029. This note is secured by a second mortgage on real property.	263,901	263,901
Mortgage note payable to the Facility Consolidation Fund with total principal plus interest at 0% due November 2033. This note is secured by a second mortgage on real property.	<u>376,946</u>	<u>376,946</u>
<b>Total mortgage notes payable</b>	<b>\$ <u><u>1,764,186</u></u></b>	<b>\$ <u><u>6,499,192</u></u></b>

# THE MAY INSTITUTE, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

### *Note 9 - Mortgage Notes Payable (Continued)*

Future maturities of mortgage notes payable are as follows:

#### *Years Ending June 30,*

2012	\$	31,738
2013		34,020
2014		36,467
2015		39,267
2016		41,899
Thereafter		<u>1,580,795</u>
	\$	<u><u>1,764,186</u></u>

### *Note 10 - Line-of-Credit*

The Organization had a \$5,000,000 line-of-credit agreement with a bank, expiring on October 1, 2016 with interest at the greater of 6.5% or the bank's prime rate plus 2.75% (6.5% at June 30, 2010). The agreement was secured by all assets of May. Outstanding borrowings on this line of credit totaled \$3,430,110 at June 30, 2010. This line-of-credit agreement was terminated on October 1, 2010 and paid in full with the proceeds from the new line-of-credit noted below.

The Organization had a \$4,000,000 non-revolving line-of-credit agreement with a bank which expired on June 30, 2010. The line was used to secure the purchase of real property which had a balance of \$3,366,660 at June 30, 2010. The balance was included in mortgage notes payable at June 30, 2010. This line-of-credit agreement was paid in full upon expiration.

On October 1, 2010, May changed its primary banking relationship and entered into a \$5,000,000 line-of-credit agreement with the new Massachusetts based bank. As such, the Organization cancelled and repaid all outstanding balances on the \$5,000,000 line-of-credit agreement with the predecessor bank.

The new line of credit expires on October 1, 2016 with the interest at the bank's prime rate (3.25% at June 30, 2011). Outstanding borrowings on this line-of-credit totaled \$3,740,372. Proceeds from this line-of-credit were used to pay off the former line-of-credit which terminated in October 2010 as noted above.

# THE MAY INSTITUTE, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

### ***Note 11 - Bonds Payable***

#### 1999 Series Bond

On September 29, 1999, the Organization closed on a \$16,400,000, 30-year bond offering issued by the Massachusetts Development Finance Agency. Chittenden Trust Company serves as the trustee. Interest is payable on the bonds at rates ranging from 4% to 6%. The bonds were sold at yields ranging from 4.10% to 6.10%, which resulted in a net original issue discount of \$395,095.

Under the terms of the bond, annual installments of principal are due on September 1 of each year, commencing on September 1, 2000. The annual principal installments start at \$70,000 in 2000 escalating each year to \$1,120,000 in 2029. Interest payments are due each March 1 and September 1, and commenced on March 1, 2000. Escrow deposits are required to be maintained (see Note 2).

The bonds are a general obligation of the Organization and secured by a subordinate lien on its gross receipts and a mortgage on its office building in Mashpee, Massachusetts. The bond agreement contains restrictive covenants concerning certain financial statement ratios.

#### 2006 Series Bond

On October 1, 2006, the Massachusetts Development Finance Agency issued a \$6,500,000 Variable Rate Demand Revenue Bond for the benefit of the Organization. Sinking fund redemptions began October 1, 2007 with final maturity on October 1, 2036. The proceeds from the bonds were used to refinance debt, reimburse the Organization for building improvements previously made, purchase real estate, to fund escrows and pay certain fees related to the bonds. On October 1, 2010, these bonds were repaid in full with the proceeds of the Series 2010 bonds noted below.

The interest rate on the Series 2006 variable rate demand bonds are determined by a bond-remarketing agent, reset weekly and payable monthly, and could not exceed a rate of 10% per year. The Series 2006 carried a variable rate of 0.50% for the week ended June 25, 2010. The bonds were secured by a letter of credit that was collateralized by a mortgage on the Organization's building located in Randolph, Massachusetts. Escrow deposits were required to be maintained (see Note 2). The bond agreement contained restrictive covenants concerning certain financial statement ratios. On October 1, 2010, the letter of credit was terminated.

#### 2010 Series Bond

On October 1, 2010, Mass Development issued a 2010 Series Bond on behalf of May in the amount of \$16,000,000. The purpose of this issue was to refinance the 2006 Series Bond and unwind the swap agreement (see Note 12), refinance conventional mortgage debt (see Note 9), and provide new financing for the purchase of real estate. Principal and interest payments began on November 1, 2010 with final maturity on October 1, 2040.

The interest rate on the Series 2010 bonds is fixed at 4.45% and subject to two adjustments over the duration of the bonds. The first adjustment date and second adjustment date are set at October 1, 2020 and 2030, respectively. As of those dates, the interest rate will be readjusted to reflect the Federal Home Loan Bank Classic 10-Year Advance Rate on the remaining balance of the bonds on those dates, but not less than 4.45%.

# THE MAY INSTITUTE, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

### *Note 11 - Bonds Payable (Continued)*

Future maturities of bonds payable are as follows:

#### *Years Ending June 30,*

2012	\$	668,758
2013		919,390
2014		740,764
2015		804,988
2016		817,092
Thereafter		25,302,693
Unamortized discount		<u>(171,372)</u>
	\$	<u><u>29,082,313</u></u>

### *Note 12 - Derivative Instruments*

On October 4, 2006, the Organization entered into an agreement (interest rate swap) for a notional amount of \$6,500,000 with a bank to lock in the cash outflows for interest on its variable rate bonds. This agreement changed the Organization's variable interest rate bonds to a fixed interest rate. Under the terms of the swap, the Organization paid or received a monthly fixed rate interest based on the difference between sixty-seven percent (67%) of USDLIBOR-BBA and the fixed rate of 3.61%. The estimated fair value of the swap agreement at June 30, 2010 was a liability of \$925,138, and is recorded on the statement of financial position, with the respective unrealized loss reported as a change in unrestricted net assets. The agreement terminated in October 2010 with the repayment of the 2006 Bonds.

The Organization's interest rate swap is recorded as a liability in the statement of financial position at fair value as of June 30, 2010. Changes in fair value are recorded as unrealized gains or losses on swap contracts in the period incurred.

The Organization used interest rate swaps to manage interest rate risk exposure. The Organization's interest rate swap effectively mitigated exposure to interest rate risk, primarily through converting portions of floating rate debt under the 2006 bond agreement to a fixed rate basis. This agreement involved the receipt or payment of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amounts. The Organization does not enter into derivative instruments for trading or speculative purposes. The agreement was terminated in October 2010 in conjunction with the repayment of the 2006 Bonds.

As a result of the use of derivative instruments, the Organization was exposed to risk that the counterparty will fail to meet their contractual obligation. To mitigate the counterparty risk, the Organization only enters into contracts with selected major financial institutions based upon their credit ratings and other factors, and continually assesses the creditworthiness of counterparties. At June 30, 2010, the counterparty to the Organization's interest rate swaps had investment grade ratings. At June 30, 2010, the counterparty has performed in accordance with their contractual obligation. At June 30, 2010, the swap contained no credit risk-related contingent features in the Organization's interest rate swap nor did the swap contain provisions under which the Organization has, or would be required, to post collateral.

# THE MAY INSTITUTE, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

### *Note 13 - Operating Leases*

#### *Buildings*

The Organization leases facilities under operating leases expiring at various dates through 2021. Included in occupancy expense is rental expense of \$4,100,147 and \$4,318,880 for the years ended June 30, 2011 and 2010, respectively.

#### *Motor Vehicles*

The Organization leases motor vehicles under operating leases expiring at various dates through 2015. Included in transportation expense is rental expense of \$1,387,510 and \$1,387,749 for the years ended June 30, 2011 and 2010, respectively.

#### *Copiers*

The Organization leases numerous copiers under operating leases expiring at various dates through 2014. Included in occupancy expense is rental expense of \$228,291 and \$256,145 for the years ended June 30, 2011 and 2010, respectively.

#### *Equipment*

The Organization leases pieces of office and other equipment under operating leases expiring at various dates through 2016. Included in occupancy expense are lease and rental expenses of \$27,415 and \$27,478 for the years ended June 30, 2011 and 2010, respectively.

Future minimum rental payments under the aforementioned leases in the aggregate and for the next five years under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2011 are as follows:

<i>Years Ending June 30,</i>	<i>Buildings</i>	<i>Motor Vehicles</i>	<i>Copiers</i>	<i>Equipment</i>	<i>Total</i>
2012	\$ 3,228,175	\$ 1,250,232	\$ 230,371	\$ 43,107	\$ 4,751,885
2013	2,095,977	967,503	168,208	14,028	3,245,716
2014	1,738,458	639,397	94,903	9,672	2,482,430
2015	1,529,412	206,032	64,940	8,484	1,808,868
2016	1,230,624	4,408	31,560	5,820	1,272,412
Thereafter	2,750,672	-	5,805	-	2,756,477
	<u>\$ 12,573,318</u>	<u>\$ 3,067,572</u>	<u>\$ 595,787</u>	<u>\$ 81,111</u>	<u>\$ 16,317,788</u>

# THE MAY INSTITUTE, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

### *Note 14 - Net Assets and Endowment Matters*

#### *Unrestricted Net Assets*

Unrestricted net assets are comprised of the following:

**Fixed assets** - The value of buildings and equipment, net of depreciation, used in the Organization's operations. This amount is offset by outstanding liabilities related to the assets, such as bond debt.

**Operating** - Discretionary funds available for carrying on the operating activities of the Organization.

#### *Temporarily Restricted Net Assets*

Temporarily restricted net assets are comprised of the following:

	<i>2011</i>	<i>2010</i>
Contributions with purpose restrictions:		
Trustees awards	\$ 20,967	\$ 20,733
Support of services for children and families	-	12,053
Program equipment and facility	-	2,950
National standards report and dissemination	-	5,000
Contributions with time restrictions:		
Capital advances from HUD*	1,330,800	1,330,800
Pledges - services to children and families	<u>229,223</u>	<u>-</u>
<b>Total temporarily restricted net assets</b>	<b>\$ <u>1,580,990</u></b>	<b>\$ <u>1,371,536</u></b>

\* Under the terms of the capital advance program, no repayment of principal is required so long as the residences are occupied for no less than 40 years by very low-income persons with disabilities. If for any reason the capital advance is not continued to be used for the specific purpose, repayment of principal and interest will be required.



# THE MAY INSTITUTE, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

### *Note 14 - Net Assets and Endowment Matters (Continued)*

#### *Net Assets Released from Restrictions*

Net assets were released from donor restrictions as a result of the incurrence of expenses satisfying the restricted purposes, the occurrence of events specified by donors or by the change of restrictions specified by the donors. Net assets released from restriction were for the following purposes for the years ended June 30:

	<i>2011</i>	<i>2010</i>
Donor restrictions satisfied as to:		
Trustee awards	\$ 4,966	\$ 10,500
Support of services for children and families	20,053	409,389
Program equipment and facility	2,950	16,867
National standards report and dissemination	<u>5,000</u>	<u>120,000</u>
	<u>\$ 32,969</u>	<u>\$ 556,756</u>

#### *Permanently Restricted Net Assets*

Permanently restricted net assets totaling \$1,000 consist of cash to be held in perpetuity. The earnings on the investment of the cash are expendable to support the operations of the Organization.

#### *Endowment Matters*

The Organization's endowment fund consists of one donor restricted fund of \$1,000. The fund is maintained in a cash account. The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) signed into law in the state of Massachusetts on July 2, 2009, requiring the preservation of the original value of the original gift as of the gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Interest and dividend income may be distributed to the Organization for operating purposes. Appreciation is recorded as temporarily restricted net assets and may be appropriated by the Board of Trustees.

### *Note 15 - Forward Delivery Agreement*

During fiscal year 2000, the Organization entered into a forward delivery agreement in conjunction with the Services 1999 bond, to sell the rights to income earned on the Organization's Debt Service Reserve Fund and Debt Service Fund to Bank of America, N.A. Pursuant to the agreement, the Organization received \$828,000 from Bank of America, N.A. during fiscal year 2000. The proceeds from the agreement were treated as deferred revenue by the Organization and are being amortized over the thirty-year life of the bonds payable. As of June 30, 2011 and 2010, deferred revenue related to the forward purchase agreement was \$493,358 and \$520,391, respectively. The remaining balance in deferred revenue represents advances received for program services.

# **THE MAY INSTITUTE, INC. AND AFFILIATES**

## ***Notes to Consolidated Financial Statements***

### ***Note 16 - Third-Party Payor Settlements***

In connection with an administrative review during fiscal year 2005 of three of the Organization's programs conducted by the Commonwealth of Massachusetts Operational Services Division (OSD) for the year ended June 30, 2005, May entered into a settlement agreement with OSD. A liability of \$375,000 was outstanding at June 30, 2009, which May had paid in full during the year ended June 30, 2010.

May has entered into a settlement agreement with OSD for one program for fiscal year 2007. As a result, a liability of \$569,435 was outstanding at June 30, 2010 for which a portion totaling \$450,000 was paid during the fiscal year ended June 30, 2011 in accordance with the payment schedule. A liability of \$119,435 remained unpaid as of June 30, 2011. This remaining liability was repaid during July 2011 in accordance with the payment schedule.

The settlements are based on a methodology agreed to by OSD for other settlements the Organization has entered into.

### ***Note 17 - Estimated Third-Party Payor Liabilities***

The Organization has recorded estimated liabilities to other governmental agencies. The estimated liability totaled \$30,054 and \$91,554 at June 30, 2011 and 2010, respectively.

### ***Note 18 - Employee Benefit Plans***

The Organization maintains a tax deferred annuity plan as described in IRS Code Section 403(b) covering all eligible employees beginning on their date of hire. The plan allows the Organization to make matching contributions based on years of continuous service, as set forth in the plan, subject to IRS limitations. Effective September 1, 2010, the plan was restated to change certain features of the plan for participants, including eligibility thresholds and elective deferral timing. The Organization recognized an expense of \$182,512 and \$0 related to the plan during the years ended June 30, 2011 and 2010, respectively.

In addition, the Organization maintains a deferred compensation plan for certain key employees under the provisions of Internal Revenue Code Section 457(b). During each of the years ended June 30, 2011 and 2010, the Organization contributed \$22,000 to the plan.

Additionally, during the year ended June 30, 2009, the Organization created a deferred compensation plan for certain key employees under the provisions of Internal Revenue Code Section 457(f). During each of the years ended June 30, 2011 and 2010, the Organization contributed \$29,394 to this plan.

### ***Note 19 - 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 consolidated financial position of the Organization.

# THE MAY INSTITUTE, INC. AND AFFILIATES

## *Notes to Consolidated Financial Statements*

### *Note 20 - Donated Property*

On October 28, 2010, May purchased a site previously leased. The purchase was financed through the Mass Development 2010 Series Bonds. The building is used primarily for administrative offices and an Adult Day Habilitation Center. The valuation of the property at the date of purchase totaled \$8,270,000. Leasehold improvements and equipment previously purchased by the Organization factored into the valuation totaled \$1,893,973. As such, the adjusted valuation of the property totaled \$6,376,027. The purchase price of the property paid by the Organization totaled \$4,811,200 which resulted in donated land and building of \$1,564,827 recorded in contributions, grants, and subsidies revenue for the year ended June 30, 2011.