THE MAY INSTITUTE, INC. AND AFFILIATES

FINANCIAL STATEMENTS

JUNE 30, 2015

FEELEY & DRISCOLL, P.C.
Certified Public Accountants/Business Consultants

THE MAY INSTITUTE, INC. AND AFFILIATES

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Feeley & Driscoll, P.C.
Certified Public Accountants / Business Consultants

To the Board of Directors
The May Institute, Inc. and Affiliates
Randolph, Massachusetts

Independent Auditor's Report

We have audited the accompanying consolidated financial statements of The May Institute, Inc. and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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 consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

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Independent Auditor's Report - Continued

Opinion

In our opinion, the 2015 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, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The May Institute, Inc. and Affiliates 2014 consolidated financial statements, and our report dated December 17, 2014, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual entities, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Feeley & Driscoll, P.C.

Boston, Massachusetts
November 2, 2015

THE MAY INSTITUTE, INC. AND AFFILIATES

Consolidated Statement of Financial Position

June 30, 2015
(with comparative totals as of June 30, 2014)

ASSETS	2015	2014
Current assets:		
Cash and cash equivalents	$ 2,524,526	$ 4,225,600
Custodial funds	397,535	594,870
Escrow accounts	114,300	3,205,937
Accounts receivable, net	9,306,953	9,910,914
Pledges receivable, net	183,375	271,499
Prepaid expenses	251,351	291,056
Investments	6,845,583	4,288,838
Total current assets	19,623,623	22,788,714
Assets whose use is limited or restricted -		
Board designated investments	827,722	-
Property, plant and equipment, net	33,800,979	35,086,584
Other assets:		
Deposits	407,445	405,661
Deferred financing costs, net	371,259	389,362
Other assets	507,934	732,793
Total other assets	1,286,638	1,527,816
Total assets	$ 55,538,962	$ 59,403,114

LIABILITIES AND NET ASSETS	2015	2014
Current liabilities:		
Note payable, line of credit	$ 1,000,000	$ -
Current maturities of long-term debt	837,300	4,091,837
Accounts payable	2,068,486	1,528,620
Accrued expenses	2,841,721	5,159,406
Other current liabilities	35,171	38,074
Total current liabilities	6,782,678	10,817,937
Long-term debt, net of current maturities	25,871,008	26,708,272
Other liabilities	507,934	732,793
Total liabilities	33,161,620	38,259,002
Commitments and contingencies		
Net assets:		
Unrestricted	20,800,443	19,452,002
Temporarily restricted	1,575,899	1,691,110
Permanently restricted	1,000	1,000
Total net assets	22,377,342	21,144,112
Total liabilities and net assets	$ 55,538,962	$ 59,403,114

See accompanying notes to consolidated financial statements.

THE MAY INSTITUTE, INC. AND AFFILIATES

Consolidated Statement of Activities

For the year ended June 30, 2015
(with comparative totals for the year ended June 30, 2014)

	2015				2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Totals
Revenues, other support, gains and losses:					
Tuition	$ 36,216,369	$ -	$ -	$ 36,216,369	$ 36,153,419
Contract revenue	50,038,313	-	-	50,038,313	45,691,758
Consulting and management services	3,145,482	-	-	3,145,482	2,380,034
Third-party fees	15,114,464	-	-	15,114,464	13,992,965
Consumer revenue	3,243,680	-	-	3,243,680	3,094,179
Other program revenue	972,647	-	-	972,647	1,000,568
Contributions, grants and subsidies	1,407,341	175,614	-	1,582,955	570,706
Interest income	87,398	-	-	87,398	116,703
Net gain (loss) on investment activity	(24,873)	-	-	(24,873)	511,546
Loss on sale of equipment	(47,578)	-	-	(47,578)	(420,290)
Loss on unamortized deferred costs	-	-	-	-	(66,111)
Other sources	415,473	-	-	415,473	607,935
Net assets released from restrictions	290,825	(290,825)	-	-	-
Total revenues, other support, gains and losses	110,859,541	(115,211)	-	110,744,330	103,633,412
Expenses:					
The May Institute, Inc. program services:					
Educational services	31,267,629	-	-	31,267,629	30,115,039
Adult residential and day services	48,829,578	-	-	48,829,578	44,452,500
Consulting and home based services	8,863,858	-	-	8,863,858	8,952,656
Behavioral health services	2,745,772	-	-	2,745,772	3,563,686
Other programs	1,063,622	-	-	1,063,622	1,143,951
The Bay School program services	3,984,423	-	-	3,984,423	3,666,759
National Autism Center, Inc. program services	194,778	-	-	194,778	91,649
Greater Springfield Residences, Inc. program services	103,937	-	-	103,937	87,672
The May - West Roxbury Residences, Inc. program services	82,622	-	-	82,622	78,551
Total program service expenses	97,136,219	-	-	97,136,219	92,152,463
Management and general	11,952,313	-	-	11,952,313	11,226,471
Fundraising	422,568	-	-	422,568	256,399
Total expenses	109,511,100	-	-	109,511,100	103,635,333
Change in net assets	1,348,441	(115,211)	-	1,233,230	(1,921)
Net assets at beginning of the year	19,452,002	1,691,110	1,000	21,144,112	21,146,033
Net assets at the end of the year	$ 20,800,443	$ 1,575,899	$ 1,000	$ 22,377,342	$ 21,144,112

See accompanying notes to consolidated financial statements.

THE MAY INSTITUTE, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses

For the year ended June 30, 2015
(with comparative totals for the year ended June 30, 2014)

	The May Institute, Inc.						
	Educational Services	Adult Residential and Day Services	Consulting and Home Based Services	Behavioral Health Services	Other Programs	The Bay School	National Autism Center
Salaries and wages	$ 21,220,265	$ 32,268,730	$ 6,450,878	$ 1,746,204	$ 608,641	$ 2,255,569	$ 148,630
Employee benefits and payroll taxes	4,243,714	6,275,773	1,206,252	423,488	78,554	596,994	23,316
Professional fees and contracted services	461,784	467,710	243,103	16,821	30,081	300,944	-
Occupancy	1,962,835	4,729,953	232,053	339,159	123,806	489,378	67
Supplies	919,251	1,028,933	122,589	91,290	76,540	71,927	-
Transportation	396,507	1,817,946	333,563	38,050	4,738	166,538	2,626
Dietary expense	591,213	1,098,679	16,878	44,187	1,618	11,430	-
Interest expense	395,294	284,009	17,431	5,485	21,202	-	-
Depreciation and amortization	728,472	556,308	60,173	27,375	61,439	33,973	-
Other	348,294	301,537	180,938	13,713	57,003	57,670	20,139
	$ 31,267,629	$ 48,829,578	$ 8,863,858	$ 2,745,772	$ 1,063,622	$ 3,984,423	$ 194,778

See accompanying notes to consolidated financial statements.

THE MAY INSTITUTE, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses - Continued

For the year ended June 30, 2015
(with comparative totals for the year ended June 30, 2014)

				Support Services			
	Greater Springfield Residences Inc.	The May-West Roxbury Residences, Inc.	Total Program Services	Administrative	Fundraising	2015 Total Expenses	2014 Total Expenses
Salaries and wages	$ 8,029	$ 6,691	$ 64,713,637	$ 6,223,544	$ 227,208	$ 71,164,389	$ 66,218,530
Employee benefits and payroll taxes	694	578	12,849,363	1,467,851	32,387	14,349,601	13,728,520
Professional fees and contracted services	8,997	5,387	1,534,827	1,061,678	1,347	2,597,852	2,875,155
Occupancy	59,113	40,959	7,977,323	709,704	921	8,687,948	8,484,673
Supplies	-	-	2,310,530	417,144	29,834	2,757,508	1,935,984
Transportation	-	-	2,759,968	430,331	518	3,190,817	3,632,347
Dietary expense	-	-	1,764,005	53,182	1,110	1,818,297	1,740,616
Interest expense	-	-	723,421	377,019	-	1,100,440	1,240,192
Depreciation and amortization	27,042	28,918	1,523,700	463,885	587	1,988,172	1,980,529
Other	62	89	979,445	747,975	128,656	1,856,076	1,798,787
	$ 103,937	$ 82,622	$ 97,136,219	$ 11,952,313	$ 422,568	$ 109,511,100	$ 103,635,333

See accompanying notes to consolidated financial statements.

THE MAY INSTITUTE, INC. AND AFFILIATES

Consolidated Statements of Cash Flows

For the year ended June 30, 2015
(with comparative totals for the year ended June 30, 2014)

	2015	2014
Cash flows from operating activities:		
Change in net assets	$ 1,233,230	$ (1,921)
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation and amortization	1,988,172	1,980,529
Loss on unamortized deferred costs	-	66,111
Provision for uncollectible accounts	500,204	515,602
Net realized and unrealized loss (gains) on investments	24,873	(511,546)
Loss on sale of property, plant and equipment	47,578	420,290
Increase (decrease) in cash resulting from a change in:		
Custodial funds	197,335	147,709
Accounts receivable	103,757	(749,897)
Pledges receivable	88,124	(864)
Prepaid expenses	39,705	(126,826)
Deposits	(1,784)	21,055
Accounts payable	539,866	(56,181)
Accrued expenses	(2,317,685)	(1,366,191)
Other current liabilities	(2,903)	(197,877)
Net cash provided by operating activities	2,440,472	139,993
Cash flows from investing activities:		
Purchase of property, plant and equipment	(893,360)	(876,964)
Proceeds from sale of property, plant and equipment	161,318	875,701
Proceeds from investment sales	-	2,500,000
Purchases of investments	(2,581,618)	(108,395)
Proceeds from (payment of) escrow deposits	3,091,637	(16,347)
Increase in board designated investments	(827,722)	-
Net cash (used in) provided by investing activities	(1,049,745)	2,373,995
Cash flows from financing activities:		
Borrowings on line of credit	1,000,000	-
Repayments of long-term debt	(4,091,801)	(1,561,373)
Net cash used in financing activities	(3,091,801)	(1,561,373)
Net increase (decrease) in cash and cash equivalents	(1,701,074)	952,615
Cash and cash equivalents, beginning of year	4,225,600	3,272,985
Cash and cash equivalents, end of year	$ 2,524,526	$ 4,225,600
Supplemental disclosure of cash flow information -		
Cash paid during the year for interest	$ 1,100,440	$ 1,232,119

See accompanying notes to consolidated financial statements.

Note 1 - Organization

Organization - 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.

Note 2 - Summary of Significant Accounting Policies

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

The accounts of the Organization are maintained on the accrual basis of accounting. Net assets are classified into unrestricted, temporarily restricted, and permanently restricted net assets, when appropriate, to properly disclose the nature and amount of significant resources that have been restricted in accordance with specified donor objectives. The assets, liabilities, and net assets of the Organization are reported as follows:

- *Unrestricted net assets* - include amounts not restricted for identified purposes by donors or grantors. These amounts are available to be used by the Board of Directors for the general purposes of the Organization and include amounts designated by the Board of Directors for future capital improvements and other program enhancements.

- *Temporarily restricted net assets* - are those whose uses by the Organization have been limited by donors or grantors to a specific period or purpose.

- *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 the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Use of Estimates - The preparation of financial statements in accordance 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Summary of Significant Accounting Policies - Continued

Fair Value of Financial Instruments - The Organization determines the fair value of the financial instruments and includes this information in the notes to the financial statements when the value is materially different than the carrying value of those financial instruments.

Cash and Cash Equivalents - Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

Custodial Funds - The Organization maintains collective fiduciary accounts at financial institutions for the benefit of certain clients. The related liability is included within accrued expenses.

Escrow Deposits - Escrow deposits represent the debt service and 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") and tenant security deposits. These amounts are carried at fair value.

Accounts Receivable - Accounts receivable are carried at their net realizable value. Accounts receivable consist mainly of accounts receivable from third-party payors 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. Accounts receivable are reported in the consolidated financial statements net of the allowance for doubtful accounts.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets (all level 1 measurements) in the statement of financial position. Realized and unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Deferred Financing Costs - Deferred financing costs are amortized over the term of the related loan.

Note 2 - Summary of Significant Accounting Policies - Continued

Assets Whose Use Is Limited or Restricted - Assets whose use is limited or restricted include assets set aside by the Board of Directors over which the board retains control and may, at its discretion, use for various purposes; assets specified by donors or grantors for specific purposes; and assets held under an indenture agreement.

Property and Equipment - The Organization capitalizes all expenditures in excess of $5,000 for property and equipment at cost. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

Contract and Grant Revenue - The majority of the Organization's students and consumers are primarily supported by state municipalities, other state agencies, third-party insurance, and Massachusetts, California, and Florida Medicaid. The Organization is subject to the regulations and rate formulas of the various funding agencies. Revenue is recorded at the Organization's rates of reimbursement as certified by the applicable funding agencies.

Gifts, Bequests and Contributions - The Organization recognizes contributions, including pledges receivable, as revenue in the period received at fair value. Gifts of cash or other support are reported as restricted if they are received with donor stipulations that limit the use of the donated assets. Contributions in the form of property are recorded at the fair market value on the date the property is received. The property is shown as unrestricted support unless explicit donor stipulations specify how the donated property must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets or acquired long-lived assets are placed in service.

Note 2 - Summary of Significant Accounting Policies - Continued

Program Service Fees - The Organization recognizes program service revenue (including tuition, consulting and management services, third party fees, consumer revenue, and other program revenue) associated with services provided to clients who have third-party coverage on the basis of contractual rates for the services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Under the terms of various agreements, regulations, and statutes, certain elements of third-party reimbursements to the Organization are subject to negotiation, audit, and/or final determination by third-party payors. Retroactive adjustments are accrued on an estimated basis in the period related services are rendered and adjusted in future periods as final settlements are determined. For uninsured clients, the Organization recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a portion of the Organization's uninsured clients will be unable or unwilling to pay for the services provided. Thus, the Organization records a provision for bad debts related to uninsured clients in the period the services are provided. Payments received in advance of services are reported as deferred revenue.

Functional Expenses - The costs of providing the various activities of the Organization have been summarized on a functional basis on the statement of functional expenses. Accordingly, certain costs have been allocated among the activities benefitted.

Tax Status - the Organization is exempt from income tax pursuant to Section 501(c)(3) of the Internal Revenue Code, and, accordingly, no provision for income taxes has been made in the accompanying financial statements. In accordance with generally accepted accounting principles, the Organization annually evaluates its tax status and tax positions taken with respect to its operations and financial position. Tax years from 2011 through the current year remain open for examination by federal and state taxing authorities.

Reclassification - Certain reclassifications have been made to the 2014 financial statement presentation to correspond to the current year's format.

Subsequent Events - The Organization has evaluated subsequent events through November 2, 2015, which is the date the financial statements were available for issuance.

Note 3 - Concentration of Credit Risk

The Organization has a potential concentration of credit risk in that it maintains deposits with a financial institution in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). The maximum deposit insurance amount is $250,000 for interest-bearing accounts, which is applied per depositor, per insured depository institution for each account ownership category. As of June 30, 2015 and 2014, the Organization had approximately $3,700,000 and $2,000,000 in excess of FDIC limits, respectively.

Note 3 - Concentration of Credit Risk - Continued

The Organization provides the majority of its services through provider agreements with Medicare, Medicaid, and through contracts negotiated with various agencies of the Commonwealth of Massachusetts. Accordingly, these parties represent the majority of the Organization's accounts and contracts receivable balances at June 30:

	2015	%	2014	%
City and town	$ 5,844,667	59%	$ 6,961,321	67%
Commonwealth of Massachusetts	1,617,106	16%	1,013,578	10%
Third-party	1,450,240	15%	1,532,184	14%
Other states	492,565	5%	535,275	5%
Commercial and other	261,248	3%	206,960	2%
Self-pay	100,893	1%	58,387	1%
Federal	71,352	1%	98,446	1%
	9,838,071	100%	10,406,151	100%
Less allowance for uncollectible accounts	531,118		495,237	
	$ 9,306,953		$ 9,910,914	

Management monitors and adjusts its allowances for uncollectible accounts to ensure that receivables are stated at their net realizable value. Although management expects the amounts recorded as net accounts receivable at June 30, 2015, to be collectible, this concentration of credit risk is expected to continue in the near term.

The methodology and assumptions utilized by management to estimate the allowance for doubtful accounts have not significantly changed from the prior year.

Note 4 - Escrow Deposits

Escrow deposits consisted of the following at June 30:

	2015	2014
HUD required escrow accounts	$ 109,984	$ 104,622
Tenant security deposits	4,316	4,298
Capital project fund	-	3,097,017
	$ 114,300	$ 3,205,937

Note 5 - Pledges Receivable

Pledges receivable are reported in the consolidated financial statements net of an allowance for uncollectable pledges totaling $45,631 and $84,594 at June 30, 2015 and 2014, respectively. The pledges receivable balance is expected to be collected within one year.

Note 6 - Investments and Assets Whose Use is Limited or Restricted

Investments and assets whose use is limited consisted of mutual funds totaling $7,673,305 and $4,288,838 at June 30, 2015 and 2014, respectively.

	2015	2014
Short-term investments	$ 6,845,583	$ 4,288,838
Board-designated funds	827,722	-
	$ 7,673,305	$ 4,288,838

Note 7 - Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under Financial Accounting Standards Board *Accounting Standards Codification* are described as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 — Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Note 7 - Fair Value Measurements - Continued

Level 3	Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Organization at year-end.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2015:

	Level 1	Level 2	Level 3	Total
Investments included in:				
Mutual funds:				
Fixed income	$ 4,141,785	$ -	$ -	$ 4,141,785
Stock	2,725,192	-	-	2,725,192
Cash reserves	610,450	-	-	610,450
Debt securities	195,878	-	-	195,878
Total mutual funds	$ 7,673,305	$ -	$ -	$ 7,673,305

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2014:

	Level 1	Level 2	Level 3	Total
Investments included in:				
Mutual funds:				
Stock	$ 1,918,140	$ -	$ -	$ 1,918,140
Fixed income	1,597,999	-	-	1,597,999
Debt securities	470,386	-	-	470,386
Cash reserves	302,313	-	-	302,313
Total mutual funds	$ 4,288,838	$ -	$ -	$ 4,288,838

Note 7 - Fair Value Measurements - Continued

Net gain (loss) on investment activity consisted of the following for the years ended June 30:

	2015	2014
Net realized (losses) gains	$ (4,162)	$ 376,979
Net unrealized (losses) gains	(20,711)	134,567
	$ (24,873)	$ 511,546

Note 8 - Endowment

The Organization's endowment includes both donor restricted endowment funds and funds designated by the Board to function as endowments. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization has interpreted state law as requiring realized and unrealized gains of permanently restricted net assets to be retained in a temporarily restricted net asset classification until appropriated by the Organization's Board and expended, except to the extent donors have indicated investment returns have certain restrictions, either permanent or purpose restrictions. State law allows the Board to appropriate as much of the net appreciation of permanently restricted net assets as is prudent considering the Organization's long- and short-term needs, present and anticipated financial requirements, expected total return on investments, price-level trends, and general economic conditions.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Note 9 - Property and Equipment

Property and equipment were as follows at June 30:

	2015	2014
Building and improvements	$ 34,911,555	$ 34,653,762
Land	9,366,779	9,429,901
Equipment	4,782,778	4,669,352
Leasehold improvements	2,766,588	2,637,951
Furniture and fixtures	1,009,436	896,417
Motor vehicles	325,648	325,648
Construction in progress	34,385	203,525
	53,197,169	52,816,556
Less accumulated depreciation and amortization	19,396,190	17,729,972
	$ 33,800,979	$ 35,086,584

Note 10 - Note Payable, Line of Credit

The Organization maintains a $5,000,000 line-of-credit agreement with a Massachusetts-based bank. The line-of-credit expires on October 1, 2016. Drawings on the line carry interest at the bank's prime rate, 3.25% at June 30, 2015 and 2014. The outstanding borrowings are $1,000,000 at June 30, 2015.

Note 11 - Long-term Debt

On October 1, 2010, Massachusetts Development Finance Agency ("MDFA") issued a 2010 Series Bond on behalf of May in the amount of $16,000,000, secured by a building and real property. The purpose of this issue was to refinance the 2006 Series Bond and unwind a swap agreement, refinance conventional mortgage debt, and provide new financing for the purchase of real estate. Monthly principal and interest payments of $81,212 began on November 1, 2010, with final maturity on October 1, 2040. The outstanding balance was $14,692,047 and $14,996,180 at June 30, 2015 and 2014, respectively.

The interest rate on the Series 2010 bond is fixed at 4.45% and subject to two adjustments over the duration of the bond. 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 adjusted 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%.

Note 11 - Long-term Debt - Continued

On November 28, 2012, the Organization refinanced the Series 1999 bond debt, financed termination of the Series 1999 Forward Delivery Agreement in the amount of $650,000, and secured $3,500,000 in new MDFA debt secured by a building and real property. The Series A issue was $3,500,000 and the Series B issue was $11,482,000. The entire bond series is financed through a private placement with a Massachusetts bank. The bonds are directed towards the construction of an aquatics center, on site records storage facility, and renovations to the sites financed through both series.

The principal and interest payments began on January 1, 2013, for the Series A bond with final maturity on December 1, 2041. The interest rate was fixed at 2.95% until November 30, 2022, at which time it is subject to change. Monthly payments were due in the amount of $14,745. The outstanding balance was $-0- and $3,390,031 at June 30, 2015 and 2014, respectively.

On June 30, 2014, the Board of Directors and management determined to abandon the aquatic center project. This event triggered the write-off of architectural renderings capitalized on the property in the amount of $312,000 and deferred financing costs related to the project totaling $66,111. The abandonment of the project also allowed the Organization to redeem the MDFA 2012 Series A Bond on August 18, 2014.

In connection with the MDFA 2012 Series A and Series B bonds, the Organization also entered into a term note agreement for $570,000, secured by a building and real property. Monthly principal payments of $23,750, plus interest, commenced on January 1, 2013, with a maturity date of December 1, 2014. The interest rate is the prime rate plus 100 basis points, which was 4.25% at June 30, 2014. The term note agreement was paid in full on December 1, 2014.

Prior to January 1, 2013, interest only payments on the Series B bond were due. Principal and interest payments of $73,485 commenced on January 1, 2015, with final maturity on December 1, 2043. The interest rate is fixed at 3.23% until November 30, 2022, at which time it is subject to change. The outstanding balance was $11,226,863 and $11,482,000 at June 30, 2015 and 2014, respectively.

Escrow deposits are required to be maintained (see Note 4). The bonds are a general obligation of the Organization and are secured by all assets of the Organization. The bond agreement contains restrictive covenants concerning certain financial statement ratios that the Organization has met as of June 30, 2015 and 2014.

Note 11 - Long-term debt - Continued

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

	2015	2014
MDFA 2010 Series Bond	$ 14,692,047	$ 14,996,180
MDFA 2012 Series B Bond	11,226,863	11,482,000
Promissory note payable to the Community Economic Development Assistance Corporation, with interest at 0%, due November 2033, with possible extended maturity date 10 years beyond the original maturity date, secured by a second mortgage on real property. No principal payments are due until maturity.	376,946	376,946
Promissory note payable to the Community Economic Development Assistance Corporation, with interest at 0%, due June 2029, with possible extended maturity date 10 years beyond the original maturity date, secured by a second mortgage on real property. No principal payments are due until maturity.	263,901	263,901
Promissory note payable to the Community Economic Development Assistance Corporation, with interest at 0%, due November 2032, with possible extended maturity date 10 years beyond the original maturity date, secured by a second mortgage on real property. No principal payments are due until maturity.	72,557	72,557
Promissory note payable to the North Shore Home Consortium, with 0% stated interest rate, due October 2017, no principal payments are due until maturity.	45,994	45,994
Promissory note payable to the Barnstable Housing Authority, with 0% stated interest rate, due October 2016. No principal payments are due until maturity.	30,000	30,000

Note 11 - Long-term debt - Continued

	2015	2014
MDFA 2012 Series A Bond	$ -	$ 3,390,031
MDFA 2012 Term Note	-	142,500
	26,708,308	30,800,109
Less current portion	837,300	4,091,837
	$ 25,871,008	$ 26,708,272

Aggregate annual maturities of long-term debt are as follows:

2016	$ 837,300
2017	871,985
2018	905,239
2019	939,795
2020	973,287
Thereafter	22,180,702
	$ 26,708,308

Note 12 - Operating Leases

The Organization leases facilities under operating leases expiring at various dates through 2021. Included in occupancy expense is rental expense of $3,806,073 and $3,791,628 for the years ended June 30, 2015 and 2014, respectively. The Organization collects rent from tenants that live in the space that the Organization leases. The Organization recognized sublease income for the years ended June 30, 2015 and 2014, of $7,000 and $143,000, respectively.

The Organization leases motor vehicles under operating leases expiring at various dates through fiscal year 2016. Included in transportation expense is rental expense of $937,000 and $1,150,000 for the years ended June 30, 2015 and 2014, respectively.

Note 12 - Operating Leases - Continued

The Organization leases numerous copiers under operating leases expiring at various dates through fiscal year 2017. Included in occupancy expense is rental expense of $181,000 and $189,000 for the years ended June 30, 2015 and 2014, respectively.

The Organization leases pieces of office and other equipment under operating leases expiring at various dates through fiscal year 2017. Included in occupancy expense are lease and rental expenses of $15,000 and $18,000 for the years ended June 30, 2015 and 2014, respectively.

The following is a schedule of future minimum payments under non-cancelable lease agreements which have remaining terms in excess of one year as of June 30:

2016	$ 4,477,212
2017	2,599,826
2018	1,899,473
2019	1,426,052
2020	1,011,544
Thereafter	1,805,421
	$ 13,219,528

Note 13 - Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30:

	2015	2014
Capital advances from HUD	$ 1,330,800	$ 1,330,800
Services to children and families	185,778	301,498
Aquatic center	35,245	35,245
Trustee awards	24,076	23,567
	$ 1,575,899	$ 1,691,110

Note 13 - Temporarily and Permanently Restricted Net Assets - Continued

Under the terms of the HUD 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.

Net assets released from restriction were released for the following purposes for the years ended June 30:

	2015	2014
Services to children and families	$ 255,134	$ 338,440
Program equipment	30,000	2,200
Trustee awards	5,691	4,000
	$ 290,825	$ 344,640

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.

Note 14 - Retirement Plans

The Organization maintains a tax deferred annuity plan, as described in Internal Revenue Code Section 403(b), covering all eligible employees beginning on their date of hire. The plan allows the Organization to make matching contributions, as set forth in the plan, subject to IRS limitations. Effective September 1, 2010, the plan was amended to include eligibility thresholds and elective deferral timing. The Organization recognized an expense of $518,354 and $486,573 related to the plan for the years ended June 30, 2015 and 2014, respectively.

The Organization maintains a deferred compensation plan for certain key employees under the provisions of Internal Revenue Code Section 457(b). The Organization contributed $93,799 and $119,231 to the plan during the years ended June 30, 2015 and 2014, respectively.

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). The Organization contributed $42,500 and $42,500 to the plan during the years ended June 30, 2015 and 2014, respectively.

Note 15 - Surplus Revenue Retention

The Operational Services Division of the Commonwealth of Massachusetts (the "Commonwealth") has promulgated regulations requiring that all not-for-profit entities engaged in the provision of health and social service programs by contract with state agencies be subject to a revenue retention policy. Under this policy, any surplus generated from contracts with the Commonwealth which exceeds 5% of the current year's Commonwealth revenues or, on a cumulative basis, exceeds 20% of prior year Commonwealth revenues, becomes a liability to the Commonwealth. Additionally, the Commonwealth requires that providers take steps to segregate state attributed surpluses which fall below 5% as a segregated account which is presented in unrestricted net assets.

As of June 30, 2015 and 2014, the Organization is not subject to any recoupment under the provisions of the Commonwealth's Surplus Revenue Retention regulations.

Note 16 - Commitments and Contingencies

The human service industry is subject to numerous laws and regulations of federal, state, and local governments. Government activity is ongoing with respect to investigations and allegations concerning possible violations by providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments for program services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretations, as well as regulatory actions unknown or unasserted at this time. Management believes that the Organization is in substantial compliance with current laws and regulations.

Claims and legal actions are brought against the Organization during the normal course of business. Management has taken the necessary steps to mitigate potential losses by obtaining insurance coverage and engaging legal counsel. In the opinion of management, no claims or legal actions have been asserted against the Organization which, individually or in the aggregate, will be in excess of its insurance coverage.

The Organization has an employment agreement with its current CEO which is automatically renews for successive one-year periods. The agreement calls for an annual base salary and other business terms common in this sector.

ADDITIONAL INFORMATION

THE MAY INSTITUTE, INC. AND AFFILIATES

Consolidating Statement of Financial Position

June 30, 2015

	The May Institute, Inc.	Greater Springfield Residences, Inc.	The May-West Roxbury Residences, Inc.	The Bay School	National Autism Center	Eliminations	Total
Assets							
Current assets:							
Cash and cash equivalents	$ 1,740,245	$ 51,543	$ 32,696	$ 643,695	$ 56,347	$ -	$ 2,524,526
Custodial funds	397,535	-	-	-	-	-	397,535
Escrow accounts	-	44,854	69,446	-	-	-	114,300
Accounts receivable, net	8,740,764	11,776	2,879	551,534	-	-	9,306,953
Pledges receivable, net	90,507	-	-	-	92,868	-	183,375
Due from affiliates	608,902	-	-	1,322,401	29,632	(1,960,935)	-
Prepaid expenses	213,891	-	-	37,460	-	-	251,351
Investments	6,845,583	-	-	-	-	-	6,845,583
Total current assets	18,637,427	108,173	105,021	2,555,090	178,847	(1,960,935)	19,623,623
Assets whose use is limited or restricted -							
Board designated investments	827,722	-	-	-	-	-	827,722
Property, plant and equipment, net	32,191,563	518,895	1,118,601	130,791	-	(158,871)	33,800,979
Other assets:							
Deposits	380,085	-	-	27,360	-	-	407,445
Deferred financing costs, net	371,259	-	-	-	-	-	371,259
Other assets	507,934	-	-	-	-	-	507,934
Total other assets	1,259,278	-	-	27,360	-	-	1,286,638
Total assets	$ 52,915,990	$ 627,068	$ 1,223,622	$ 2,713,241	$ 178,847	$ (2,119,806)	$ 55,538,962

THE MAY INSTITUTE, INC. AND AFFILIATES

Consolidating Statement of Financial Position - Continued

June 30, 2015

	The May Institute, Inc.	Greater Springfield Residences, Inc.	The May-West Roxbury Residences, Inc.	The Bay School	National Autism Center	Eliminations	Total
Liabilities and Net Assets							
Current Liabilities:							
Note payable, line of credit	$ 1,000,000	$ -	$ -	$ -	$ -	$ -	$ 1,000,000
Current maturities of long-term debt	837,300	-	-	-	-	-	837,300
Accounts payable	2,022,285	5,929	1,304	38,968	-	-	2,068,486
Due to affiliates	1,352,033	210,993	347,097	50,812	-	(1,960,935)	-
Accrued expenses	2,729,654	2,657	1,660	107,750	-	-	2,841,721
Other current liabilities	35,171	-	-	-	-	-	35,171
Total current liabilities	7,976,443	219,579	350,061	197,530	-	(1,960,935)	6,782,678
Long-term debt, net of current maturities	25,230,161	263,901	376,946	-	-	-	25,871,008
Other liabilities	507,934	-	-	-	-	-	507,934
Total liabilities	33,714,538	483,480	727,007	197,530	-	(1,960,935)	33,161,620
Net assets (deficit):							
Unrestricted	19,048,220	(472,412)	(218,185)	2,515,711	85,980	(158,871)	20,800,443
Temporarily restricted	152,232	616,000	714,800	-	92,867	-	1,575,899
Permanently restricted	1,000	-	-	-	-	-	1,000
Total net assets	19,201,452	143,588	496,615	2,515,711	178,847	(158,871)	22,377,342
Total liabilities and net assets	$ 52,915,990	$ 627,068	$ 1,223,622	$ 2,713,241	$ 178,847	$ (2,119,806)	$ 55,538,962

THE MAY INSTITUTE, INC. AND AFFILIATES

Consolidating Statement of Activities

For the year ended June 30, 2015

	The May Institute, Inc.	Greater Springfield Residences, Inc.	The May-West Roxbury Residences, Inc.	The Bay School	National Autism Center	Eliminations	Total
Revenues, other support, gains and losses:							
Tuition	$ 31,959,766	$ -	$ -	$ 4,256,603	$ -	$ -	$ 36,216,369
Contract revenue	50,038,313	-	-	-	-	-	50,038,313
Consulting and management services	3,793,987	36,326	36,063	-	-	(720,894)	3,145,482
Third-party fees	15,114,464	-	-	-	-	-	15,114,464
Consumer revenue	3,042,413	17,226	23,820	160,221	-	-	3,243,680
Other program revenue	844,002	-	-	128,645	-	-	972,647
Contributions, grants and subsidies	1,268,910	-	-	5,348	308,697	-	1,582,955
Interest income	87,338	26	34	-	-	-	87,398
Net gain (loss) on investment activity	(25,269)	-	-	396	-	-	(24,873)
Loss on sale of equipment	(47,578)	-	-	-	-	-	(47,578)
Other sources	423,443	-	-	204	4,827	(13,001)	415,473
Total revenues, other support, gains and losses	106,499,789	53,578	59,917	4,551,417	313,524	(733,895)	110,744,330
Expenses:							
The May Institute, Inc. program services:							
Educational Services	31,267,629	-	-	-	-	-	31,267,629
Adult Residential and Day Services	48,829,578	-	-	-	-	-	48,829,578
Consulting and Home Based Services	8,863,858	-	-	-	-	-	8,863,858
Behavioral Health Services	2,745,772	-	-	-	-	-	2,745,772
Other programs	1,063,622	-	-	-	-	-	1,063,622
The Bay School Program Services	102,326	-	-	3,984,423	-	(102,326)	3,984,423
National Autism Center, Inc. Program Services	174,674	-	-	-	194,778	(174,674)	194,778
Greater Springfield Residences, Inc. Program Services	12,337	103,937	-	-	-	(12,337)	103,937
The May - West Roxbury Residences, Inc. Program Services	9,015	-	82,622	-	-	(9,015)	82,622
Total program service expenses	93,068,811	103,937	82,622	3,984,423	194,778	(298,352)	97,136,219
Management and general	11,952,313	-	-	435,543	-	(435,543)	11,952,313
Fundraising	422,568	-	-	-	-	-	422,568
Total expenses	105,443,692	103,937	82,622	4,419,966	194,778	(733,895)	109,511,100
Change in net assets	1,056,097	(50,359)	(22,705)	131,451	118,746	-	1,233,230
Net assets at beginning of the year	18,145,355	193,947	519,320	2,384,260	60,101	(158,871)	21,144,112
Net assets at the end of the year	$ 19,201,452	$ 143,588	$ 496,615	$ 2,515,711	$ 178,847	$ (158,871)	$ 22,377,342