



**Consolidated Financial Statements and
Supplemental Information**

**South Middlesex Opportunity Council, Inc.
and Affiliates**

June 30, 2018 and 2017



**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

***Consolidated Financial Statements and
Supplemental Information***

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Independent Auditors' Report

The Board of Directors
South Middlesex Opportunity Council, Inc. and Affiliates
Framingham, Massachusetts

We have audited the accompanying consolidated financial statements of South Middlesex Opportunity Council, Inc. and Affiliates (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditors' 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.



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of South Middlesex Opportunity Council, Inc. and Affiliates as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mayer Hoffmann McCann P.C.

February 7, 2019
Boston, Massachusetts

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Consolidated Statements of Financial Position

June 30,

Assets	2018	2017
Current assets:		
Cash and cash equivalents	\$ 4,113,894	\$ 4,533,052
Certificates of deposit	1,135,412	1,132,227
Restricted cash, current	1,429,664	1,081,848
Accounts receivable:		
Contracts and grants	4,995,096	4,412,230
Third parties - net of allowance for doubtful accounts	384,131	428,216
Other	656,403	863,117
Investments	412,814	394,014
Prepaid expenses and deposits	121,835	75,937
	<u>13,249,249</u>	<u>12,945,641</u>
Total current assets	13,249,249	12,945,641
Other assets:		
Restricted cash, long-term portion	3,049,130	2,872,103
Accounts receivable, other, long-term portion	2,098,119	-
Notes receivable, long-term portion	15,126,204	12,196,038
Property, plant and equipment, net	70,208,705	69,846,801
Construction in progress	3,770,957	15,017,921
Investment in Affiliate	25,000	25,000
Due from related party	171,923	-
	<u>94,450,038</u>	<u>99,932,863</u>
Total other assets	94,450,038	99,932,863
Total assets	\$ 107,699,287	\$ 112,878,504
Liabilities and Net Assets/Members' Equity		
Current liabilities:		
Accounts payable	\$ 1,771,600	\$ 2,287,658
Accrued expenses	1,321,792	1,295,295
Obligations under capital lease, current portion	122,162	118,123
Mortgage notes payable, current portion	802,606	6,117,060
Deferred revenue	3,733,729	3,175,235
	<u>7,751,889</u>	<u>12,993,371</u>
Total current liabilities	7,751,889	12,993,371
Other liabilities:		
Lines of credit	4,126,324	5,042,253
Obligations under capital lease, long-term portion	165,082	187,209
Mortgage notes payable, long-term portion	58,664,823	62,357,534
Home modification advances payable	14,959,015	12,131,234
Other liabilities	3,203,453	2,686,159
	<u>81,118,697</u>	<u>82,404,389</u>
Total other liabilities	81,118,697	82,404,389
Total liabilities	88,870,586	95,397,760
Net assets/members' equity:		
Unrestricted/members' equity	17,472,010	16,543,204
Temporarily restricted	1,356,691	937,540
	<u>18,828,701</u>	<u>17,480,744</u>
Total net assets/members' equity	18,828,701	17,480,744
Total liabilities and net assets/members' equity	\$ 107,699,287	\$ 112,878,504

See accompanying notes to the consolidated financial statements.

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Consolidated Statements of Activities

Years Ended June 30,

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support:						
Contracts and grants	\$ 76,633,154	\$ 1,269,608	\$ 77,902,762	\$ 72,901,360	\$ 501,940	\$ 73,403,300
Third party billings, net of free services and contractual allowances	4,854,769	-	4,854,769	4,351,923	-	4,351,923
Tuition income	746,803	-	746,803	666,199	-	666,199
Other program revenue	624,329	-	624,329	548,407	-	548,407
Donated goods and services	2,029,651	-	2,029,651	1,863,413	-	1,863,413
Contributions	982,532	-	982,532	814,362	-	814,362
Rental income	7,752,548	-	7,752,548	7,332,091	-	7,332,091
Other income	103,055	-	103,055	79,875	-	79,875
Gain on sale of property	1,367,210	-	1,367,210	1,966,787	-	1,966,787
Total revenue and gains	95,094,051	1,269,608	96,363,659	90,524,417	501,940	91,026,357
Net assets released from restriction	850,457	(850,457)	-	476,825	(476,825)	-
Total revenue, gains and other support	95,944,508	419,151	96,363,659	91,001,242	25,115	91,026,357
Expenses and losses:						
Program services:						
Housing	11,188,859	-	11,188,859	9,468,152	-	9,468,152
Open Pantry Community Services, Inc.	2,381,181	-	2,381,181	2,771,791	-	2,771,791
Education and Child Care	8,577,240	-	8,577,240	7,980,598	-	7,980,598
Domestic Violence	1,080,380	-	1,080,380	988,162	-	988,162
Substance Abuse	4,101,751	-	4,101,751	3,812,416	-	3,812,416
Energy and Financial Assistance	41,078,981	-	41,078,981	38,567,651	-	38,567,651
Transitional Housing	14,834,430	-	14,834,430	15,287,576	-	15,287,576
Employment and Training	995,581	-	995,581	1,043,598	-	1,043,598
Mental Health Services	4,027,287	-	4,027,287	3,817,396	-	3,817,396
Nutrition	887,810	-	887,810	882,852	-	882,852
Total program services before depreciation and amortization	89,153,500	-	89,153,500	84,620,192	-	84,620,192
Supporting services:						
General and administrative	3,212,304	-	3,212,304	3,019,579	-	3,019,579
Fundraising	107,289	-	107,289	103,339	-	103,339
Total supporting services before depreciation and amortization	3,319,593	-	3,319,593	3,122,918	-	3,122,918
Total expenses and losses before depreciation and amortization	92,473,093	-	92,473,093	87,743,110	-	87,743,110
Change in net assets/members' equity before depreciation and amortization	3,471,415	419,151	3,890,566	3,258,132	25,115	3,283,247
Depreciation and amortization expense	2,542,609	-	2,542,609	2,907,950	-	2,907,950
Change in net assets	928,806	419,151	1,347,957	350,182	25,115	375,297
Net assets/members' equity, beginning of year	16,543,204	937,540	17,480,744	16,193,022	912,425	17,105,447
Net assets/members' equity, end of year	\$ 17,472,010	\$ 1,356,691	\$ 18,828,701	\$ 16,543,204	\$ 937,540	\$ 17,480,744

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Consolidated Statement of Functional Expenses

Year Ended June 30, 2018

	<i>Total Program Services</i>	<i>Supporting Services</i>	<i>Total Expenses</i>
Expenses and losses:			
Salaries and wages	\$ 21,873,419	\$ 1,821,475	\$ 23,694,894
Employee benefits and payroll taxes	<u>6,536,200</u>	<u>283,724</u>	<u>6,819,924</u>
Total salaries and related expenses	28,409,619	2,105,199	30,514,818
Client assistance	35,230,138	-	35,230,138
Professional fees and contracted services	2,586,876	419,590	3,006,466
Occupancy	9,877,726	145,141	10,022,867
Equipment expenses	353,240	44,831	398,071
Dietary	728,475	21,743	750,218
Donated goods and services	1,947,092	-	1,947,092
Transportation	681,474	22,689	704,163
Supplies	7,697,700	146,034	7,843,734
Telephone	356,162	29,905	386,067
Insurance	905,813	57,787	963,600
Advertising	39,608	1,522	41,130
Training	575,720	6,745	582,465
Interest expense	1,770,939	212,707	1,983,646
Bad debt expense	660,982	-	660,982
Other	388,678	60,698	449,376
Fundraising	-	45,002	45,002
Management fees	-	3,823,630	3,823,630
Eliminating entries	<u>(3,056,742)</u>	<u>(3,823,630)</u>	<u>(6,880,372)</u>
Expenses and losses before depreciation and amortization	89,153,500	3,319,593	92,473,093
Depreciation and amortization	<u>2,412,517</u>	<u>130,092</u>	<u>2,542,609</u>
Total expenses	<u>\$ 91,566,017</u>	<u>\$ 3,449,685</u>	<u>\$ 95,015,702</u>

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Consolidated Statement of Functional Expenses

Year Ended June 30, 2018

	<i>Program Services</i>						<i>Balance Forward</i>
	<i>Housing</i>	<i>Open Pantry Community Services, Inc.</i>	<i>Education and Child Care</i>	<i>Domestic Violence</i>	<i>Substance Abuse</i>	<i>Energy and Financial Assistance</i>	
Expenses and losses:							
Salaries and wages	\$ 3,134,709	\$ 828,668	\$ 3,976,921	\$ 646,640	\$ 2,354,223	\$ 1,845,668	\$ 12,786,829
Employee benefits and payroll taxes	913,376	262,644	1,255,651	206,813	711,036	590,386	3,939,906
Total salaries and related expenses	4,048,085	1,091,312	5,232,572	853,453	3,065,259	2,436,054	16,726,735
Client assistance	1,438,594	-	-	10,000	1,368	31,449,532	32,899,494
Professional fees and contracted services	695,258	125,546	1,244,693	52,747	9,940	41,435	2,169,619
Occupancy	3,492,011	147,252	667,366	85,312	618,699	181,115	5,191,755
Equipment expenses	14,758	12,257	20,160	3,847	20,252	89,259	160,533
Dietary	2,240	47,506	436,408	10,014	82,848	36,855	615,871
Donated goods and services	3,440	1,074,816	521,657	-	37,902	-	1,637,815
Transportation	244,885	38,752	104,333	13,470	68,319	34,689	504,448
Supplies	596,564	48,395	240,063	27,396	88,563	6,223,503	7,224,484
Telephone	107,338	14,039	28,017	7,737	25,955	17,337	200,423
Insurance	602,556	17,731	56,537	8,637	36,760	33,647	755,868
Advertising	299	104	1,403	537	313	34,323	36,979
Training	7,790	2,965	32,377	6,109	6,528	492,183	547,952
Interest expense	1,751,816	5,981	138	111	589	6,845	1,765,480
Bad debt expense	300,147	-	-	10	38,456	625	339,238
Other	381,487	160	-	1,000	-	1,579	384,226
Fundraising	-	-	-	-	-	-	-
Management fees	-	-	-	-	-	-	-
Eliminating entries	(2,498,409)	(245,635)	(8,484)	-	-	-	(2,752,528)
Expenses and losses before depreciation and amortization	11,188,859	2,381,181	8,577,240	1,080,380	4,101,751	41,078,981	68,408,392
Depreciation and amortization	2,274,000	8,367	1,227	982	-	6,872	2,291,448
Total expenses	\$ 13,462,859	\$ 2,389,548	\$ 8,578,467	\$ 1,081,362	\$ 4,101,751	\$ 41,085,853	\$ 70,699,840

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Consolidated Statement of Functional Expenses...continued

Year Ended June 30, 2018

	<u>Program Services</u>					<u>Supporting Services</u>		<u>Total</u>
	<u>Balance Forward</u>	<u>Transitional Housing</u>	<u>Employment and Training</u>	<u>Mental Health Services</u>	<u>Nutrition</u>	<u>Admin</u>	<u>Fundraising</u>	
Expenses and losses:								
Salaries and wages	\$ 12,786,829	\$ 5,372,558	\$ 629,434	\$ 2,547,870	\$ 536,728	\$ 1,798,665	\$ 22,810	\$ 23,694,894
Employee benefits and payroll taxes	<u>3,939,906</u>	<u>1,657,532</u>	<u>199,120</u>	<u>568,193</u>	<u>171,449</u>	<u>276,425</u>	<u>7,299</u>	<u>6,819,924</u>
Total salaries and related expenses	16,726,735	7,030,090	828,554	3,116,063	708,177	2,075,090	30,109	30,514,818
Client assistance	32,899,494	2,312,346	18,098	200	-	-	-	35,230,138
Professional fees and contracted services	2,169,619	179,277	99,243	114,926	23,811	410,590	9,000	3,006,466
Occupancy	5,191,755	4,162,509	108,319	322,794	92,349	134,038	11,103	10,022,867
Equipment expenses	160,533	147,294	10,072	25,386	9,955	44,831	-	398,071
Dietary	615,871	109,274	867	2,463	-	21,743	-	750,218
Donated goods and services	1,637,815	309,277	-	-	-	-	-	1,947,092
Transportation	504,448	149,061	21,947	5,424	594	22,572	117	704,163
Supplies	7,224,484	288,390	74,410	78,064	32,352	138,231	7,803	7,843,734
Telephone	200,423	104,606	7,723	32,486	10,924	29,842	63	386,067
Insurance	755,868	96,985	9,462	35,838	7,660	57,451	336	963,600
Advertising	36,979	1,714	359	117	439	1,522	-	41,130
Training	547,952	11,601	8,979	5,778	1,410	6,268	477	582,465
Interest expense	1,765,480	5,126	194	-	139	212,707	-	1,983,646
Bad debt expense	339,238	18,840	-	302,904	-	-	-	660,982
Other	384,226	3,342	-	1,110	-	57,419	3,279	449,376
Fundraising	-	-	-	-	-	-	45,002	45,002
Management fees	-	-	-	-	-	3,823,630	-	3,823,630
Eliminating entries	<u>(2,752,528)</u>	<u>(95,302)</u>	<u>(192,646)</u>	<u>(16,266)</u>	<u>-</u>	<u>(3,823,630)</u>	<u>-</u>	<u>(6,880,372)</u>
Expenses and losses before depreciation and amortization	68,408,392	14,834,430	995,581	4,027,287	887,810	3,212,304	107,289	92,473,093
Depreciation and amortization	<u>2,291,448</u>	<u>118,124</u>	<u>1,718</u>	<u>-</u>	<u>1,227</u>	<u>130,092</u>	<u>-</u>	<u>2,542,609</u>
Total expenses	<u>\$ 70,699,840</u>	<u>\$ 14,952,554</u>	<u>\$ 997,299</u>	<u>\$ 4,027,287</u>	<u>\$ 889,037</u>	<u>\$ 3,342,396</u>	<u>\$ 107,289</u>	<u>\$ 95,015,702</u>

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Consolidated Statement of Functional Expenses

Year Ended June 30, 2017

	<i>Total Program Services</i>	<i>Supporting Services</i>	<i>Total Expenses</i>
Expenses and losses:			
Salaries and wages	\$ 21,684,090	\$ 1,401,232	\$ 23,085,322
Employee benefits and payroll taxes	<u>6,441,626</u>	<u>355,062</u>	<u>6,796,688</u>
Total salaries and related expenses	28,125,716	1,756,294	29,882,010
Client assistance	32,585,013	-	32,585,013
Professional fees and contracted services	1,991,801	427,706	2,419,507
Occupancy	9,808,293	186,321	9,994,614
Equipment expenses	475,701	42,954	518,655
Dietary	708,846	13,608	722,454
Donated goods and services	2,314,832	-	2,314,832
Transportation	695,747	36,660	732,407
Supplies	7,773,913	201,802	7,975,715
Telephone	382,389	31,772	414,161
Insurance	829,964	51,987	881,951
Advertising	13,916	2,815	16,731
Training	579,589	8,362	587,951
Interest expense	1,691,398	210,948	1,902,346
Bad debt expense	444,935	-	444,935
Other	4,448	89,748	94,196
Fundraising	-	61,941	61,941
Management fees	-	3,783,771	3,783,771
Eliminating entries	<u>(3,806,309)</u>	<u>(3,783,771)</u>	<u>(7,590,080)</u>
Expenses and losses before depreciation and amortization	84,620,192	3,122,918	87,743,110
Depreciation and amortization	<u>2,729,506</u>	<u>178,444</u>	<u>2,907,950</u>
Total expenses	<u>\$ 87,349,698</u>	<u>\$ 3,301,362</u>	<u>\$ 90,651,060</u>

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Consolidated Statement of Functional Expenses

Year Ended June 30, 2017

	<i>Program Services</i>						<i>Balance Forward</i>
	<i>Housing</i>	<i>Open Pantry Community Services, Inc.</i>	<i>Education and Child Care</i>	<i>Domestic Violence</i>	<i>Substance Abuse</i>	<i>Energy and Financial Assistance</i>	
Expenses and losses:							
Salaries and wages	\$ 3,239,347	\$ 796,280	\$ 3,781,815	\$ 589,484	\$ 2,193,768	\$ 1,848,750	\$ 12,449,444
Employee benefits and payroll taxes	938,182	253,999	1,187,428	188,428	646,125	591,148	3,805,310
Total salaries and related expenses	4,177,529	1,050,279	4,969,243	777,912	2,839,893	2,439,898	16,254,754
Client assistance	1,137,941	84	360	9,992	266	29,034,489	30,183,132
Professional fees and contracted services	264,515	126,571	1,018,495	23,733	6,961	65,602	1,505,877
Occupancy	3,468,052	127,332	669,230	89,803	604,986	189,377	5,148,780
Equipment expenses	8,803	15,775	18,216	11,922	23,702	77,510	155,928
Dietary	2,122	42,512	406,406	10,065	79,837	45,353	586,295
Donated goods and services	-	1,585,190	431,700	-	36,869	-	2,053,759
Transportation	255,388	32,689	103,050	12,036	67,014	36,430	506,607
Supplies	701,012	49,307	242,698	23,290	77,223	6,147,077	7,240,607
Telephone	121,402	14,185	26,802	6,815	26,206	23,929	219,339
Insurance	539,517	17,562	57,796	8,901	27,972	31,180	682,928
Advertising	149	40	4,520	100	488	1,664	6,961
Training	9,170	1,732	39,616	7,559	22,850	464,658	545,585
Interest expense	1,670,623	7,022	231	184	-	7,578	1,685,638
Bad debt expense	189,130	-	1,324	5,850	-	2,906	199,210
Other	2,455	-	53	-	149	-	2,657
Fundraising	-	-	-	-	-	-	-
Management fees	-	-	-	-	-	-	-
Eliminating entries	(3,079,656)	(298,489)	(9,142)	-	(2,000)	-	(3,389,287)
Expenses and losses before depreciation and amortization	9,468,152	2,771,791	7,980,598	988,162	3,812,416	38,567,651	63,588,770
Depreciation and amortization	2,592,985	7,905	1,227	982	-	6,872	2,609,971
Total expenses	\$ 12,061,137	\$ 2,779,696	\$ 7,981,825	\$ 989,144	\$ 3,812,416	\$ 38,574,523	\$ 66,198,741

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Consolidated Statement of Functional Expenses...continued

Year Ended June 30, 2017

	<u>Program Services</u>					<u>Supporting Services</u>		<u>Total</u>
	<u>Balance Forward</u>	<u>Transitional Housing</u>	<u>Employment and Training</u>	<u>Mental Health Services</u>	<u>Nutrition</u>	<u>Admin</u>	<u>Fundraising</u>	
Expenses and losses:								
Salaries and wages	\$ 12,449,444	\$ 5,588,485	\$ 662,212	\$ 2,457,144	\$ 526,805	\$ 1,378,280	\$ 22,952	\$ 23,085,322
Employee benefits and payroll taxes	<u>3,805,310</u>	<u>1,709,234</u>	<u>208,565</u>	<u>550,973</u>	<u>167,544</u>	<u>347,717</u>	<u>7,345</u>	<u>6,796,688</u>
Total salaries and related expenses	16,254,754	7,297,719	870,777	3,008,117	694,349	1,725,997	30,297	29,882,010
Client assistance	30,183,132	2,373,943	27,853	85	-	-	-	32,585,013
Professional fees and contracted services	1,505,877	241,389	94,504	115,349	34,682	427,706	-	2,419,507
Occupancy	5,148,780	4,113,984	126,566	316,381	102,582	178,580	7,741	9,994,614
Equipment expenses	155,928	263,585	28,924	24,983	2,281	42,954	-	518,655
Dietary	586,295	121,440	469	642	-	13,608	-	722,454
Donated goods and services	2,053,759	261,073	-	-	-	-	-	2,314,832
Transportation	506,607	154,900	24,992	8,388	860	36,660	-	732,407
Supplies	7,240,607	380,084	54,275	71,174	27,773	198,894	2,908	7,975,715
Telephone	219,339	114,368	7,494	30,013	11,175	31,706	66	414,161
Insurance	682,928	95,627	8,099	35,229	8,081	51,639	348	881,951
Advertising	6,961	3,233	1,269	2,427	26	2,815	-	16,731
Training	545,585	16,375	9,163	7,423	1,043	8,324	38	587,951
Interest expense	1,685,638	5,436	324	-	-	210,948	-	1,902,346
Bad debt expense	199,210	2,833	2,820	240,072	-	-	-	444,935
Other	2,657	1,791	-	-	-	89,748	-	94,196
Fundraising	-	-	-	-	-	-	61,941	61,941
Management fees	-	-	-	-	-	3,783,771	-	3,783,771
Eliminating entries	<u>(3,389,287)</u>	<u>(160,204)</u>	<u>(213,931)</u>	<u>(42,887)</u>	<u>-</u>	<u>(3,783,771)</u>	<u>-</u>	<u>(7,590,080)</u>
Expenses and losses before depreciation and amortization	63,588,770	15,287,576	1,043,598	3,817,396	882,852	3,019,579	103,339	87,743,110
Depreciation and amortization	<u>2,609,971</u>	<u>116,590</u>	<u>1,718</u>	<u>-</u>	<u>1,227</u>	<u>178,444</u>	<u>-</u>	<u>2,907,950</u>
Total expenses	<u>\$ 66,198,741</u>	<u>\$ 15,404,166</u>	<u>\$ 1,045,316</u>	<u>\$ 3,817,396</u>	<u>\$ 884,079</u>	<u>\$ 3,198,023</u>	<u>\$ 103,339</u>	<u>\$ 90,651,060</u>

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Consolidated Statements of Cash Flows

Years Ended June 30,

	2018	2017
Cash flows from operating activities:		
Change in net assets/members' equity	\$ 1,347,957	\$ 375,297
Adjustments to reconcile change in net assets/members' equity to net cash provided by operating activities:		
Depreciation and amortization	2,542,609	2,907,950
Gain on sale of property	(1,367,210)	(1,966,787)
Loss on investments	(10,553)	(26,554)
Changes in:		
Accounts receivable	(2,430,186)	463,893
Prepaid expenses and deposits	(45,898)	75,951
Notes receivable	(2,930,166)	(306,588)
Due from related party	(171,923)	-
Accounts payable	(516,058)	278,845
Accrued expenses	26,497	(47,437)
Deferred revenue	558,494	99,961
Home modification advances payable and other liabilities	3,345,075	655,943
Net cash provided by operating activities	348,638	2,510,474
Cash flows from investing activities:		
Increase in restricted cash	(524,843)	(2,909,125)
Purchases of property and equipment	(344,824)	(644,448)
Proceeds from sale of property and equipment	2,104,748	2,531,078
Deconsolidation of Bixby Road 19, LLC - property and equipment	14,349,911	-
Construction in progress costs incurred	(6,093,560)	(9,219,791)
Interest earned on certificates of deposit	(3,185)	(3,226)
Investment in affiliate	-	(25,000)
Purchases of investments	(8,247)	(24,087)
Net cash provided by (used in) investing activities	9,480,000	(10,294,599)
Cash flows from financing activities:		
Repayment of obligations under capital leases	(129,944)	(97,848)
Proceeds from mortgage notes payable	2,377,745	9,702,481
Repayment of mortgage notes payable	(1,266,365)	(1,029,498)
Deconsolidation of Bixby Road 19, LLC - mortgage notes payable	(10,298,054)	-
Net repayment of revolving line of credit	(915,929)	(2,856,911)
Mortgage acquisition costs incurred	(15,249)	(170,599)
Net cash provided by (used in) financing activities	(10,247,796)	5,547,625
Net change in cash and cash equivalents	(419,158)	(2,236,500)
Cash and cash equivalents, beginning of year	4,533,052	6,769,552
Cash and cash equivalents, end of year	\$ 4,113,894	\$ 4,533,052
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 2,236,815	\$ 1,898,150
Capital lease obligations incurred for use of equipment	\$ 111,856	\$ 75,267

See accompanying notes to the consolidated financial statements.

SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

Note 1 - Nature of Activities and Significant Accounting Policies

Nature of Activities

South Middlesex Opportunity Council, Inc. ("SMOC") and Affiliates (the "Organization") are not-for-profit corporations (excluding Freedom Village LLC) originally established in 1965 to support the improvement of the quality of life for low-income residents of the South Middlesex, Massachusetts area and the greater community at large.

Freedom Village LLC, a Massachusetts corporation, is a wholly-owned subsidiary of South Middlesex Non-Profit Housing Corporation, Inc., a wholly-owned subsidiary of SMOC. Based in West Boylston, Freedom Village LLC provides low income and affordable housing.

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

Basis of Consolidation

The consolidated financial statements include the accounts of South Middlesex Opportunity Council, Inc., South Middlesex Non-Profit Housing Corporation, Inc., South Middlesex Opportunity Properties, Inc., Worcester Public Inebriate Program, Inc., P.I.P. Foundation, Inc., Open Pantry Community Services, Inc., Freedom Village LLC, the Martin Luther King, Jr. Business Empowerment Center, Chandler 237 Realty, Inc., and Lowell Transitional Living Center, Inc. These corporations are under common management and control and are consolidated for financial statement purposes. All significant intercompany account balances and transactions have been eliminated in consolidation.

The Statement of Financial Position for the year ended June 30, 2017 includes the development activity of Bixby Road 19, LLC. (Bixby). Bixby was established to develop, construction, own, maintain and operate a 42 unit multifamily townhouse complex in Spencer, MA. South Middlesex Opportunity Properties, Inc. was the sole member of Bixby through August 21, 2017. South Middlesex Opportunity Properties, Inc. withdrew as the managing member on August 22, 2017 therefore, Bixby was deconsolidated from the financial statements as of that date. Approximately \$14,350,000 of property, plant and equipment and the related debt was removed from the consolidated financial statements. Certain debt held by Bixby is guaranteed by SMOC. There was no impact on the Statement of Activities related to the deconsolidation of Bixby.

Method of Accounting

The Organization's financial statements are prepared utilizing the accrual method of accounting.

Classification and Reporting of Net Assets

The Organization's consolidated financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB). The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization does not have any permanently restricted net assets.

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Notes to Consolidated Financial Statements

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

Classification and Reporting of Net Assets (Continued)

A description of the two applicable 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.

Revenues are reported as increases in unrestricted net assets unless the use of the related asset is limited by donor restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as releases to unrestricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates made in the preparation of these financial statements include those related to the allowance for doubtful accounts, fair value of investments, the unemployment reserve, allocation of functional expenses, useful lives of depreciation assets and releases from restrictions. Actual amounts could differ from those estimates.

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 to be part of investments. The Organization maintains its 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. The Organization believes that it is not exposed to any significant credit risk on cash or cash equivalents.

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Notes to Consolidated Financial Statements

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

Certificates of Deposit

The Organization invests in fixed rate certificates of deposit. The certificates of deposit are valued at cost plus accrued interest.

Cash - Restricted

Cash - restricted represents escrow accounts associated with financing arrangements, tenant security deposits and funds held for clients. These amounts are carried at cost plus accrued interest.

Accounts Receivable

Accounts receivable are reported at original invoice amount less an estimate made for doubtful receivables. Management determines the allowance for doubtful accounts by applying an uncollectible percentage to receivables over a certain age based on collection history. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as revenue when received. Interest is not charged on accounts receivable.

Investments and Investment Returns

Investments are presented in the financial statements at fair value as described later in this section. Interest, dividends and net gains or losses are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation.

Notes Receivable and Home Modification Advances Payable

The Home Modification Loan Program (HMLP) is a program run by SMOC through funding from the Community Economic Development Assistance Corporation (CEDAC). SMOC's HMLP program issues various loans to individuals who qualify under certain program guidelines. These loans are recorded on SMOC's Consolidated Statements of Financial Position under notes receivable and have a balance of \$14,959,015 and \$12,131,234 as of June 30, 2018 and 2017, respectively. Repayments made by lenders under the program are held in separate loan pools and are shown as restricted cash, long term with a balance of \$3,049,190 as of June 30, 2018. Advances made by CEDAC to SMOC under this program are shown as home modification advances payable with a balance of \$14,959,015 and \$12,131,234 as of June 30, 2018 and 2017, respectively.

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Notes to Consolidated Financial Statements

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

Property, Plant and Equipment

Property, plant and equipment are recorded at cost or, if received by donation, at estimated fair market value at the time such properties were received. Fair value of donated property, plant and equipment is effectively recorded using a Level 3 market approach as described later in this section. Depreciation and amortization are provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

	Years
Buildings and building improvements	20-40
Leasehold improvements	3-35
Motor vehicles	5
Furnishings and equipment	3-10

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

As of June 30, 2018 and 2017, the Organization is unaware of any liabilities related to asset retirement or environmental obligations related to its property and plant. The Organization will recognize a liability in the period in which they become aware of such liability and sufficient information is available to reasonably estimate its fair value.

Mortgage Acquisition Costs

The Organization incurs debt issuance costs, including bank and professional fees, in connection with certain financing arrangements. These costs were capitalized and are being amortized on a straight-line method over twenty years, which has been deemed by the Organization to be a reasonable average life for their debt. The costs are accounted for as part of the mortgage notes payable on the Statement of Financial Position.

Fair Value Measurements

The Organization reports certain assets/liabilities as fair value on a recurring and non-recurring basis depending on the accounting policy for the particular item. Recurring fair value measures include investment accounts. 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.

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Notes to Consolidated Financial Statements

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

Fair Value Measurements (Continued)

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

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

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

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

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

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

For more information on the fair value of the Organization's financial instruments, see Note 4.

Revenue Recognition

The programs of the Organization are supported principally by contracts negotiated with various agencies of the Commonwealth of Massachusetts. Therefore, the Organization is subject to the regulations and rate formulas of the Massachusetts Executive Office for Administration and Finance Operational Services Division. Revenue is recorded by the individual programs either at the rate approved under negotiated contracts or at the rate of reimbursement as certified by the Massachusetts Operational Services Division when the services are provided.

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.

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Notes to Consolidated Financial Statements

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

Revenue Recognition (Continued)

Certain programs of the Organization are funded by grants and contracts with the United States Government. Amounts paid under these grants and contracts are subject to review and adjustment after performance.

Additionally, the Organization derives a portion of its revenue through third party billings (Medicare, Medicaid, MBHP and Private Insurance). Third party revenues are recorded net of fee allowances and adjustments for free services when the services are provided.

Rental income is recorded as revenue in the month that the rent is earned.

Donated Goods and Services

The Organization receives a significant amount of support in the form of donated services. Services meeting the criteria for recognition are recorded at their estimated fair market values at the time the services are rendered and are reflected in the financial statements as both revenues and expenses. Donated goods and facility rentals are also recorded at their estimated fair market values at the time the goods or rental commitments are provided and are reflected in the financial statements as both revenues and expenses.

Contributions

Contributions, including unconditional promises to give, are initially recorded at fair value and are recognized as revenues in the period received. The initially recorded fair value is considered a Level 2 fair value approach. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. 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 fundraising activity.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted restricted net asset class. For temporary restrictions that are not met within the same reporting period as they were received, a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions once the donor imposed restrictions have been 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 donor 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.

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Notes to Consolidated Financial Statements

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

Income Tax Status

The Organization and related corporations are qualified under Section 501(c)(3) of the Internal Revenue Code and are exempt from Federal and state income taxes. As described in Note 1, the Organization is the sole member of Freedom Village LLC, a Massachusetts limited liability corporation. As such, the entity is disregarded for federal tax purposes and a separate return is not required.

Uncertain Tax Positions

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

Advertising Costs

The Organization expenses advertising costs as incurred. The Organization incurred advertising costs in the amount of \$41,130 and \$16,730 for the years ended June 30, 2018 and 2017, respectively.

Subsequent Events

The Organization evaluated subsequent events through February 7, 2019, the date the financial statements were available to be issued.

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Notes to Consolidated Financial Statements

Note 2 - Related Party Transactions

The Organization has a land lease agreement with a related party, Framingham Community Land Trust. The use of this property constitutes a “gift-in-title”, the value of which is equal to the fair market value of the land at the commencement of the lease. The agreement calls for the Organization to make payments for taxes, insurance premiums, and any other special assessments related to the property.

A member of the Organization’s board of directors was a partner in a law firm that represents the Organization. During 2012, this individual resigned from the board and became secretary of the Organization. For the years ended June 30, 2018 and 2017, legal fees incurred by the Organization to this firm totaled \$360,500 and \$484,695, respectively, which is net of discounts totaling \$139,537 and \$96,939, respectively. In addition, the law firm provided donated services in its capacity as general counsel to the Organization totaling \$34,650 and \$36,000 during the years ended June 30, 2018 and 2017, respectively. Amounts included in accrued expenses and accounts payable relating to these transactions totaled \$40,113 and \$79,871 as of June 30, 2018 and 2017, respectively.

A member of the Organization’s board of directors is an employee of a family owned insurance agency that is a member of a consortium, which provides services to the Organization. During the years ended June 30, 2018 and 2017, the Organization incurred approximately \$597,000 and \$670,000, respectively in insurance expense for policies serviced by the consortium.

A member of the Organization’s Board of Directors is the senior credit officer of a bank in which the Organization has various loans and a line of credit agreement with. The bank also holds the Organization’s main cash accounts.

A member of the Organization’s board of directors is an employee of a real estate company, which provides services to the Organization. During the years ended June 30, 2018 and 2017, the Organization incurred approximately \$133,000 and \$105,000, respectively in commissions paid to the company for real estate transactions.

Note 3 - Cash - Restricted

Cash - restricted at June 30, 2018 and 2017 consists of tenant and client deposits, as well as funds held for others.

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Notes to Consolidated Financial Statements

Note 4 - Investments

Investments consist of the following as of June 30:

	2018	2017
Cash and cash equivalents	\$ 17,906	\$ 9,556
Exchange Traded Products	11,865	-
Equity securities	243,729	252,709
Debt securities	<u>139,314</u>	<u>131,749</u>
	<u>\$ 412,814</u>	<u>\$ 394,014</u>

All investments are considered Level 1 investments in the fair value hierarchy as discussed in Note 1.

Investment gains of the Organization for the years ended June 30, 2018 and 2017 totaled \$10,553 and \$26,554, respectively net of investment fees of \$4,641 and \$3,764, respectively.

Note 5 - Property, Plant and Equipment

Following is a summary as of June 30:

	2018	2017
Land	\$ 11,771,289	\$ 12,150,713
Buildings and building improvements	81,551,131	80,763,452
Leasehold improvements	2,316,916	2,316,917
Furnishings and equipment	2,510,839	2,506,199
Motor vehicles	<u>634,126</u>	<u>551,852</u>
	98,784,301	98,289,133
Less: accumulated depreciation and amortization	<u>28,575,596</u>	<u>28,442,332</u>
	<u>\$ 70,208,705</u>	<u>\$ 69,846,801</u>

Depreciation and amortization expense for the years ended June 30, 2018 and 2017 were \$2,542,609 and \$2,907,950, respectively.

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Notes to Consolidated Financial Statements

Note 6 - Construction in Progress

As of June 30, 2018, the Organization is in the process of renovating 9 properties for various programs. The sites are in various stages of completion. As of June 30, 2018, costs of approximately \$3,771,000 have been incurred on the 9 projects. The estimated cost to complete the 9 projects is \$3,687,000.

Note 7 - Mortgage Notes Payable

The following is a summary of mortgage notes payable, as of June 30:

	2018	2017
Various mortgage notes payable to financial institutions in monthly installments totaling \$237,919, including interest at rates ranging from 3.0% to 7.39% with balloon payments totaling \$29,788,064, due on various dates ranging from 2018 to 2045. The notes are secured by first, second, third and fourth mortgages on real property. The Organization intends to refinance the balloon payments and continue the 20-30 year amortization schedules.	\$ 38,620,304	\$ 47,769,650
Non-interest bearing mortgage notes payable on dates ranging from 2017 to 2063. No principal is due on these notes prior to those dates. The notes are secured by mortgages on real property.	<u>22,085,296</u>	<u>22,106,407</u>
Total mortgage notes payable	60,705,600	69,876,057
Less: current portion of mortgage notes payable	(802,606)	(6,117,060)
Less: mortgage acquisitions costs	(2,584,262)	(2,525,042)
Plus: accumulated amortization	<u>1,346,091</u>	<u>1,123,579</u>
Mortgage notes payable, net of current portion	<u>\$ 58,664,823</u>	<u>\$ 62,357,534</u>

Mortgage acquisition costs, net of amortization was \$1,238,171 and \$1,401,463 as of June 30, 2018 and 2017, respectively. Amortization expense for mortgage acquisition costs was \$165,499 and \$183,879 for the years ended June 30, 2018 and 2017, respectively.

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
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Notes to Consolidated Financial Statements

Note 7 - Mortgage Notes Payable (Continued)

Maturities of mortgage notes payable, including balloon payments, which the Organization intends to refinance, are as follows for the year ended June 30, 2018:

	Total	Balloon Payments	Annual Payments
2019	\$ 802,606	\$ 127,069	\$ 675,537
2020	1,747,751	1,073,449	674,302
2021	1,390,617	680,599	710,018
2022	1,520,256	764,244	756,012
2023	1,476,907	723,160	753,747
Thereafter	<u>53,767,463</u>	<u>26,419,545</u>	<u>27,347,918</u>
	\$ <u>60,705,600</u>	\$ <u>29,788,066</u>	\$ <u>30,917,534</u>

Note 8 - Obligations Under Capital Leases

The Organization leased motor vehicles and office equipment under capital leases that expire at various dates through 2023. The assets and liabilities under capital leases have been recorded at the present value of the lease payments which is equivalent to the fair value of the asset at inception. The assets are amortized over their lease term.

Leased property under the capital lease was as follows as of June 30:

	2018	2017
Motor vehicles	\$ 394,768	\$ 417,586
Office equipment	134,704	122,729
Less: accumulated depreciation	<u>(384,951)</u>	<u>(271,747)</u>
	\$ <u>144,521</u>	\$ <u>268,568</u>

Amortization of capital lease assets is included in depreciation and amortization expense.

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
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Notes to Consolidated Financial Statements

Note 8 - Obligations Under Capital Leases (Continued)

Obligations under capital leases are as follows at June 30:

2019	\$ 122,162
2020	69,291
2021	54,095
2022	22,464
2023	<u>9,318</u>
	<u>\$ 277,330</u>

Note 9 - Lines of Credit

The Organization has a commercial revolving line of credit agreement with a bank in the amount of \$6,500,000 that expires on February 28, 2019 and is renewed annually at the bank's discretion. Interest is calculated at the bank's prime lending rate plus 0.25% with a floor of 4.00% (4% as of June 30, 2018). As of June 30, 2018 and 2017, the line of credit had outstanding balances of \$1,473,265 and \$2,599,124, respectively, and is secured by all business assets.

The Organization has a development revolving line of credit agreement with a bank in the amount of \$2,750,000 expiring on June 30, 2020. Interest is calculated at the bank's prime lending rate plus 0.25% with a floor of 6.50% (6.5% as of June 30, 2018). The line of credit had an outstanding balance of \$2,353,059 and \$2,143,059 as of June 30, 2018 and 2017, respectively.

The Organization has a commercial revolving line of credit with six banks participating within the SMOC Financial Services program, with the combined amount of \$300,000. Interest is calculated at 2.00%. As of June 30, 2018 and 2017 the line of credit had an outstanding balance of \$300,000.

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Notes to Consolidated Financial Statements

Note 10 - Operating Leases

Vehicles

The Organization leases motor vehicles under operating leases expiring at various dates through 2019. Included in transportation expenses for the years ended June 30, 2018 and 2017 is rental expense of \$52,206 and \$99,421, respectively.

Buildings

The Organization leases facilities under operating leases expiring at various dates through 2027, as well as under tenant-at-will agreements. Certain of these leases contain provisions for escalation of increases for certain central costs such as taxes and maintenance. Included in occupancy expenses for the years ended June 30, 2018 and 2017 is rental expense of \$3,161,262 and \$3,098,033, respectively.

Equipment

The Organization leases equipment under operating leases expiring at various dates through 2022. Included in equipment expenses for the years ended June 30, 2018 and 2017 is equipment rental expense totaling \$93,338 and \$91,860, respectively.

Future minimum rental payments under vehicle, building and equipment leases for the next five years under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2018 are as follows:

	<i>Vehicles</i>	<i>Buildings</i>	<i>Equipment</i>	<i>Total</i>
2019	\$ 8,142	\$ 812,554	\$ 72,401	\$ 893,097
2020	-	621,469	55,993	677,462
2021	-	633,708	29,820	663,528
2022	-	612,789	7,700	620,489
2023	-	553,578	876	554,454
Thereafter	-	1,046,737	-	1,046,737
	<u>\$ 8,142</u>	<u>\$ 4,280,835</u>	<u>\$ 166,790</u>	<u>\$ 4,455,767</u>

Note 11 - Unemployment Reserve

The Organization has elected to pay for the costs of unemployment compensation by reimbursing the Commonwealth of Massachusetts for unemployment compensation paid. As of June 30, 2018 and 2017, the Organization has estimated and accrued approximately \$207,000 for claims incurred prior to year-end but not paid by those dates.

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Notes to Consolidated Financial Statements

Note 12 - Temporarily Restricted Net Assets

Following is a summary as of June 30:

	2018	2017
Advances on a \$385,600 non-interest bearing construction loan payable to HUD. Upon completion of the project, the construction loan converted to a non-interest bearing mortgage note payable due in September 2033. Repayment of this loan will be waived if very low income individuals occupy the building through this date. The note is secured by a mortgage on real property.	\$ 385,600	\$ 385,600
Grant received towards the purchase of a property to be used for low income housing. Repayment of this grant will be waived if low to moderate income individuals occupy the property through fiscal year 2018. The Organization is working on obtaining the formal release.	50,000	50,000
Grant in support of specific program needs.	467,163	501,940
Grant in support of equipment and capital projects.	<u>453,928</u>	<u>-</u>
Total	<u>\$ 1,356,691</u>	<u>\$ 937,540</u>

Note 13 - Net Assets Released from Restrictions

Net assets released from restriction totaling \$850,457 and \$476,825 for the years ended June 30, 2018 and 2017, respectively relates to satisfying the requirements under the award requirements and the time release under a program grant.

Note 14 - Retirement Plan

The Organization has a tax deferred annuity plan as described in IRS Code Section 403(b) covering all eligible employees beginning upon their first full month of service. The plan allows the Organization to make discretionary contributions, as determined by the board of directors, subject to IRS limitations. The amount contributed to the plan by the Organization for the years ended June 30, 2018 and 2017 was \$233,711 and \$236,120, respectively.

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Notes to Consolidated Financial Statements

Note 15 - Major Revenue Source

Contract and grants revenue represents approximately 81% of the Organization's revenue for the years ended June 30, 2018 and 2017. A significant portion of that revenue is earned on contracts between the Organization and the various public agencies of the Commonwealth of Massachusetts.

Note 16 - Cash Flow Information

During 2018, non-cash financing activity included the refinancing of mortgage notes payable in the amount of \$6,951,492.

Note 17 - Subsequent Event

On January 11, 2019, SMOC and SMOC Non-Profit Housing Corp entered into a Bond financing agreement with a bank for the purchase of real estate located in Framingham and the refinance of debt on two other properties the Organization holds in its portfolio, including SMOC's main campus. Proceeds from the Bond will also be used in the renovation of the real estate acquired and two buildings on SMOC's main campus. The Bond valuation was approximately \$16.1 million dollars. Approximately \$11.3 million was funded at closing with a bank. The remainder will be advanced as renovation work on the sites progresses. Approximately \$4.8 million remains available to be advanced.

Supplemental Information



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Independent Auditors' Report on Supplemental Information

The Board of Directors
South Middlesex Opportunity Council, Inc. and Affiliates
Framingham, Massachusetts

We have audited the consolidated financial statements of South Middlesex Opportunity Council, Inc. and Affiliates as of and for the years ended June 30, 2018 and 2017, and our report thereon dated February 7, 2019, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information is presented for purposes of additional analysis and 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 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mayer Hoffman McCann P.C.

February 7, 2019
Boston, Massachusetts

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Consolidating Schedule of Financial Position

June 30, 2018

	<i>SMOC</i>	<i>Non-Profit Housing</i>	<i>SMOP</i>	<i>Worcester Public Inebriate Program, Inc.</i>	<i>P.I.P. Foundation, Inc.</i>	<i>Open Pantry Community Services, Inc.</i>	<i>Freedom Village, LLC</i>	<i>Martin Luther King Jr. Business Empowerment Ctr.</i>	<i>Chandler</i>	<i>Lowell Transitional Living Ctr.</i>	<i>Eliminations</i>	<i>Consolidated Totals</i>
Assets												
Current assets:												
Cash and cash equivalents	\$ 752,217	\$ -	\$ -	\$ 597,405	\$ 597,030	\$ 1,202,777	\$ 5,591	\$ -	\$ -	\$ 958,874	\$ -	\$ 4,113,894
Certificates of deposit	115,195	1,015,888	-	-	-	-	-	-	-	4,329	-	1,135,412
Cash - restricted	641,177	321,239	72	243	-	3,800	321,983	1,441	-	139,709	-	1,429,664
Accounts receivable:												
Contracts and grants	4,382,719	-	-	187,014	-	248,107	-	635	-	176,621	-	4,995,096
Third parties - net of allowance for doubtful accounts	292,824	-	-	-	-	-	-	-	-	91,307	-	384,131
Other - net of allowance for doubtful accounts	293,984	338,591	-	-	158	-	23,195	-	-	475	-	656,403
Investments	12,409	400,405	-	-	-	-	-	-	-	-	-	412,814
Prepaid expenses and deposits	97,055	12,603	-	-	-	-	12,177	-	-	-	-	121,835
Total current assets	6,587,580	2,088,726	72	784,662	597,188	1,454,684	362,946	2,076	-	1,371,315	-	13,249,249
Other assets:												
Restricted cash, long-term portion	3,049,130	-	-	-	-	-	-	-	-	-	-	3,049,130
Accounts receivable, other, long-term portion	-	2,098,119	-	-	-	-	-	-	-	-	-	2,098,119
Notes receivable, long-term portion	14,959,015	-	-	-	-	-	-	167,189	-	-	-	15,126,204
Property, plant and equipment, net	336,529	57,825,255	202,429	1,980	283,755	230,382	5,952,577	16,884	1,594,645	3,764,269	-	70,208,705
Construction in progress	107,754	3,663,203	-	-	-	-	-	-	-	-	-	3,770,957
Investment in affiliate	2,353,524	3,550,819	-	-	-	-	-	-	-	-	(5,879,343)	25,000
Due from related party	171,923	-	-	-	-	-	-	-	-	-	-	171,923
Intercompany balances	17,428,409	-	-	-	-	-	5,355	-	-	-	(17,433,764)	-
Total other assets	38,406,284	67,137,396	202,429	1,980	283,755	230,382	5,957,932	184,073	1,594,645	3,764,269	(23,313,107)	94,450,038
Total assets	\$ 44,993,864	\$ 69,226,122	\$ 202,501	\$ 786,642	\$ 880,943	\$ 1,685,066	\$ 6,320,878	\$ 186,149	\$ 1,594,645	\$ 5,135,584	\$ (23,313,107)	\$ 107,699,287
Liabilities and Net Assets/Members' Equity												
Current liabilities:												
Accounts payable	\$ 1,149,976	\$ 514,205	\$ 1,352	\$ 18,442	\$ 1,255	\$ 43,703	\$ 27,827	\$ 3,798	\$ -	\$ 11,042	\$ -	\$ 1,771,600
Accrued expenses	807,313	496,432	1,024	-	-	-	5,443	5,319	1,416	4,845	-	1,321,792
Obligations under capital lease, current portion	68,738	47,036	-	-	-	6,388	-	-	-	-	-	122,162
Mortgage notes payable, current portion	-	776,137	-	-	-	3,407	14,342	-	8,720	-	-	802,606
Deferred revenue	3,660,503	46,240	-	-	-	-	7,280	19,706	-	-	-	3,733,729
Total current liabilities	5,686,530	1,880,050	2,376	18,442	1,255	53,498	54,892	28,823	10,136	15,887	-	7,751,889
Other liabilities:												
Lines of credit	1,473,265	2,353,059	-	-	-	-	-	300,000	-	-	-	4,126,324
Obligations under capital lease, long-term portion	78,599	83,648	-	-	-	2,835	-	-	-	-	-	165,082
Mortgage notes payable, long-term portion	-	52,581,503	-	-	-	213,720	2,715,167	-	1,111,210	2,043,223	-	58,664,823
Home modification advances payable	14,959,015	-	-	-	-	-	-	-	-	-	-	14,959,015
Other liabilities	3,071,789	-	-	-	-	-	-	-	-	131,664	-	3,203,453
Intercompany balances	3,044,678	8,090,282	132,362	2,376,336	22,931	1,291,597	-	461,477	718,901	1,295,200	(17,433,764)	-
Total other liabilities	22,627,346	63,108,492	132,362	2,376,336	22,931	1,508,152	2,715,167	761,477	1,830,111	3,470,087	(17,433,764)	81,118,697
Total liabilities	28,313,876	64,988,542	134,738	2,394,778	24,186	1,561,650	2,770,059	790,300	1,840,247	3,485,974	(17,433,764)	88,870,586
Net assets/members' equity:												
Unrestricted/members' equity	16,679,988	4,237,580	67,763	(1,608,136)	856,757	123,416	3,550,819	(604,151)	(245,602)	1,649,610	(5,879,343)	18,828,701
Temporarily restricted	-	-	-	-	-	-	-	-	-	-	-	-
Total net assets/members' equity	16,679,988	4,237,580	67,763	(1,608,136)	856,757	123,416	3,550,819	(604,151)	(245,602)	1,649,610	(5,879,343)	18,828,701
Total liabilities and net assets/members' equity	\$ 44,993,864	\$ 69,226,122	\$ 202,501	\$ 786,642	\$ 880,943	\$ 1,685,066	\$ 6,320,878	\$ 186,149	\$ 1,594,645	\$ 5,135,584	\$ (23,313,107)	\$ 107,699,287

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Consolidating Schedule of Financial Position

June 30, 2017

	SMOC	Non-Profit Housing	SMOP	Worcester Public Inebriate Program, Inc.	P.I.P. Foundation, Inc.	Open Pantry Community Services, Inc.	Freedom Village, LLC	Martin Luther King Jr. Business Empowerment Ctr.	Chandler	Lowell Transitional Living Ctr.	Bixby Road, LLC	Eliminations	Consolidated Totals
Assets													
Current assets:													
Cash and cash equivalents	\$ 2,386,119	\$ -	\$ -	\$ -	\$ 360,602	\$ 957,593	\$ 31,364	\$ -	\$ -	\$ 797,374	\$ -	\$ -	\$ 4,533,052
Certificates of deposit	114,963	1,012,948	-	-	-	-	-	-	-	4,316	-	-	1,132,227
Cash - restricted	106,885	314,144	72	243	-	3,800	293,629	1,442	-	116,633	245,000	-	1,081,848
Accounts receivable:													
Contracts and grants	3,855,526	22,223	-	284,733	-	129,747	-	15,594	-	104,407	-	-	4,412,230
Third parties - net of allowance for doubtful accounts	422,045	-	-	-	-	-	-	-	-	6,171	-	-	428,216
Other - net of allowance for doubtful accounts	127,938	712,477	-	-	-	18,295	4,407	-	-	-	-	-	863,117
Notes receivable, current portion	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	12,409	381,605	-	-	-	-	-	-	-	-	-	-	394,014
Prepaid expenses and deposits	63,766	6,176	-	-	-	117	5,878	-	-	-	-	-	75,937
Total current assets	7,089,651	2,449,573	72	284,976	360,602	1,109,552	335,278	17,036	-	1,028,901	245,000	-	12,920,641
Other assets:													
Restricted cash, long-term portion	2,872,103	-	-	-	-	-	-	-	-	-	-	-	2,872,103
Notes receivable, long-term portion	12,131,234	-	-	-	-	-	-	64,804	-	-	-	-	12,196,038
Property, plant and equipment, net	390,295	56,802,322	209,996	5,942	351,472	227,539	6,101,111	18,050	1,488,501	3,809,453	442,120	-	69,846,801
Construction in progress	-	1,710,569	-	-	-	-	-	-	-	-	13,307,352	-	15,017,921
Investment in affiliate	2,353,524	3,699,667	-	-	-	-	-	-	-	-	-	(6,028,191)	25,000
Intercompany balances	11,263,555	-	-	-	-	-	22,165	-	-	-	-	(11,285,720)	-
Total other assets	29,010,711	62,212,558	209,996	5,942	351,472	227,539	6,123,276	82,854	1,488,501	3,809,453	13,749,472	(17,313,911)	99,957,863
Total assets	\$ 36,100,362	\$ 64,662,131	\$ 210,068	\$ 290,918	\$ 712,074	\$ 1,337,091	\$ 6,458,554	\$ 99,890	\$ 1,488,501	\$ 4,838,354	\$ 13,994,472	\$ (17,313,911)	\$ 112,878,504
Liabilities and Net Assets/Members' Equity													
Current liabilities:													
Accounts payable	\$ 614,980	\$ (187,515)	\$ 881	\$ 4,736	\$ 4,849	\$ 26,010	\$ 26,419	\$ 55,947	\$ -	\$ 14,870	\$ 1,726,481	\$ -	\$ 2,287,658
Accrued expenses	771,360	506,559	1,024	-	-	-	5,526	5,319	1,390	4,117	-	-	1,295,295
Obligations under capital lease, current portion	57,135	55,146	-	-	-	5,842	-	-	-	-	-	-	118,123
Notes payable, current portion	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage notes payable, current portion	-	6,083,325	-	-	-	3,247	13,324	-	17,164	-	-	-	6,117,060
Deferred revenue	3,124,519	50,716	-	-	-	-	-	-	-	-	-	-	3,175,235
Total current liabilities	4,567,994	6,508,231	1,905	4,736	4,849	35,099	45,269	61,266	18,554	18,987	1,726,481	-	12,993,371
Other liabilities:													
Lines of credit	2,599,194	2,143,059	-	-	-	-	-	300,000	-	-	-	-	5,042,253
Obligations under capital lease, long-term portion	70,467	107,519	-	-	-	9,223	-	-	-	-	-	-	187,209
Notes payable, long-term portion	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage notes payable, long-term portion	-	44,681,964	-	-	-	234,538	2,713,618	-	1,120,897	2,043,223	11,563,294	-	62,357,534
Home modification advances payable	12,131,234	-	-	-	-	-	-	-	-	-	-	-	12,131,234
Other liabilities	2,576,843	-	-	-	-	-	-	-	-	109,316	-	-	2,686,159
Intercompany balances	-	5,714,738	143,447	2,089,443	9,655	903,724	-	289,822	488,594	941,600	704,697	(11,285,720)	-
Total other liabilities	17,377,738	52,647,280	143,447	2,089,443	9,655	1,147,485	2,713,618	589,822	1,609,491	3,094,139	12,267,991	(11,285,720)	82,404,389
Total liabilities	21,945,732	59,155,511	145,352	2,094,179	14,504	1,182,584	2,758,887	651,088	1,628,045	3,113,126	13,994,472	(11,285,720)	95,397,760
Net assets/members' equity:													
Unrestricted/members' equity	13,923,665	5,381,620	(320,884)	(1,901,736)	697,570	139,507	3,699,667	(551,198)	(139,544)	1,642,728	-	(6,028,191)	16,543,204
Temporarily restricted	230,965	125,000	385,600	98,475	-	15,000	-	-	-	82,500	-	-	937,540
Total net assets/members' equity	14,154,630	5,506,620	64,716	(1,803,261)	697,570	154,507	3,699,667	(551,198)	(139,544)	1,725,228	-	(6,028,191)	17,480,744
Total liabilities and net assets/members' equity	\$ 36,100,362	\$ 64,662,131	\$ 210,068	\$ 290,918	\$ 712,074	\$ 1,337,091	\$ 6,458,554	\$ 99,890	\$ 1,488,501	\$ 4,838,354	\$ 13,994,472	\$ (17,313,911)	\$ 112,878,504

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Consolidating Schedule of Activities

Year Ended June 30, 2018

	SMOC	Non-Profit Housing	SMOP	Worcester Public Inebriate Program, Inc.	P.I.P. Foundation, Inc.	Open Pantry Community Services, Inc.	Freedom Village, LLC	Martin Luther King Jr. Business Empowerment Ctr.	Chandler	Lowell Transitional Living Ctr.	Eliminations	Consolidated Totals
Revenues, gains and other support:												
Contracts and grants	\$ 73,318,049	\$ 449,501	\$ -	\$ 1,697,278	\$ -	\$ 1,307,535	\$ -	\$ 75,725	\$ -	\$ 1,054,674	\$ -	\$ 77,902,762
Third party billings, net of free services and contractual allowances	4,785,960	-	-	-	-	-	-	-	-	88,809	-	4,854,769
Tuition income	746,803	-	-	-	-	-	-	-	-	-	-	746,803
Other program revenue	4,358,289	86,192	738	2,895	-	12,749	1,662	-	-	15,497	(3,853,693)	624,329
Donated goods and services	780,901	419,569	-	-	-	1,074,816	-	-	-	91,375	(337,010)	2,029,651
Contributions	295,317	150	-	756	-	394,544	-	-	-	291,765	-	982,532
Rental income	378,157	9,297,242	63,815	-	16,248	-	333,376	84,248	-	80,857	(2,501,395)	7,752,548
Other income	24,874	58,972	197	-	-	11	4,139	11,311	3,538	13	-	103,055
Gain/(loss) on sale of property	-	1,180,086	-	-	187,024	-	-	-	-	100	-	1,367,210
Loss on investment in affiliate	-	(148,848)	-	-	-	-	-	-	-	-	148,848	-
Development fees	-	188,274	-	-	-	-	-	-	-	-	(188,274)	-
Total revenue, gains and other support	84,668,350	11,531,138	64,750	1,700,929	203,272	2,789,655	339,177	171,284	3,538	1,623,090	(6,731,524)	96,363,659
Expenses and losses:												
Program services:												
Housing	2,508,318	10,637,589	47,907	-	25,494	6,487	323,601	75,365	62,507	-	(2,498,409)	11,188,859
Open Pantry Community Services, Inc.	-	-	-	-	-	2,626,816	-	-	-	-	(245,635)	2,381,181
Education and Child Care	8,585,724	-	-	-	-	-	-	-	-	-	(8,484)	8,577,240
Domestic Violence	1,080,380	-	-	-	-	-	-	-	-	-	-	1,080,380
Substance Abuse	4,101,751	-	-	-	-	-	-	-	-	-	-	4,101,751
Energy and Financial assistance	40,945,311	-	-	-	-	-	-	133,670	-	-	-	41,078,981
Transitional Housing	12,094,314	-	-	1,374,154	-	-	-	-	1,461,264	(95,302)	-	14,834,430
Employment and Training	1,188,227	-	-	-	-	-	-	-	-	-	(192,646)	995,581
Mental Health Services	4,043,553	-	-	-	-	-	-	-	-	-	(16,266)	4,027,287
Nutrition	887,810	-	-	-	-	-	-	-	-	-	-	887,810
Total program services before depreciation and amortization	75,435,388	10,637,589	47,907	1,374,154	25,494	2,633,303	323,601	209,035	62,507	1,461,264	(3,056,742)	89,153,500
Supporting services:												
General and administrative	6,470,425	137,688	6,229	127,689	-	156,939	-	14,036	-	122,928	(3,823,630)	3,212,304
Fundraising	83,007	-	-	-	-	14,084	-	-	-	10,198	-	107,289
Total supporting services before depreciation and amortization	6,553,432	137,688	6,229	127,689	-	171,023	-	14,036	-	133,126	(3,823,630)	3,319,593
Total expenses and losses before depreciation and amortization	81,988,820	10,775,277	54,136	1,501,843	25,494	2,804,326	323,601	223,071	62,507	1,594,390	(6,880,372)	92,473,093
Change in net assets/members' equity before depreciation and amortization	2,679,530	755,861	10,614	199,086	177,778	(14,671)	15,576	(51,787)	(58,969)	28,700	148,848	3,890,566
Depreciation and amortization expense	154,172	2,024,901	7,567	3,961	18,591	16,420	164,424	1,166	47,089	104,318	-	2,542,609
Change in net assets	2,525,358	(1,269,040)	3,047	195,125	159,187	(31,091)	(148,848)	(52,953)	(106,058)	(75,618)	148,848	1,347,957
Net assets/members' equity, beginning of year	14,154,630	5,506,620	64,716	(1,803,261)	697,570	154,507	3,699,667	(551,198)	(139,544)	1,725,228	(6,028,191)	17,480,744
Net assets/members' equity, end of year	\$ 16,679,988	\$ 4,237,580	\$ 67,763	\$ (1,608,136)	\$ 856,757	\$ 123,416	\$ 3,550,819	\$ (604,151)	\$ (245,602)	\$ 1,649,610	\$ (5,879,343)	\$ 18,828,701

**SOUTH MIDDLESEX OPPORTUNITY COUNCIL, INC.
AND AFFILIATES**

Consolidating Schedule of Activities

Year Ended June 30, 2017

	SMOC	Non-Profit Housing	SMOP	Worcester Public Inebriate Program, Inc.	P.I.P. Foundation, Inc.	Open Pantry Community Services, Inc.	Freedom Village, LLC	Martin Luther King Jr. Business Empowerment Ctr.	Chandler	Lowell Transitional Living Ctr.	Bixby Road, LLC	Eliminations	Consolidated Totals
Revenues, gains and other support:													
Contracts and grants	\$ 68,646,882	\$ 367,488	\$ -	\$ 1,710,102	\$ -	\$ 1,335,373	\$ -	\$ 153,350	\$ -	\$ 1,190,105	\$ -	\$ -	\$ 73,403,300
Third party billings, net of free services and contractual allowances	4,273,250	-	-	-	-	-	-	-	-	78,673	-	-	4,351,923
Tuition income	666,199	-	-	-	-	-	-	-	-	-	-	-	666,199
Other program revenue	4,268,304	74,556	763	19,561	-	22,076	1,977	589	-	13,480	-	(3,852,899)	548,407
Donated goods and services	576,712	-	-	-	-	1,585,190	-	-	-	152,896	-	(451,385)	1,863,413
Contributions	270,574	-	-	629	-	346,356	-	5,876	-	190,927	-	-	814,362
Rental income	322,170	9,122,489	58,960	-	10,559	-	346,888	83,338	-	89,014	-	(2,701,327)	7,332,091
Other income	11,849	54,485	102	-	5,000	11	2,048	4,418	1,916	46	-	-	79,875
Gain/(loss) on sale of property	-	1,972,759	-	-	(6,722)	-	750	-	-	-	-	-	1,966,787
Loss on investment in affiliate	-	(118,604)	-	-	-	-	-	-	-	-	-	-	118,604
Development fees	-	584,469	-	-	-	-	-	-	-	-	-	-	(584,469)
Total revenue, gains and other support	79,035,940	12,057,642	59,825	1,730,292	8,837	3,289,006	351,663	247,571	1,916	1,715,141	-	(7,471,476)	91,026,357
Expenses and losses:													
Program services:													
Housing	2,072,284	9,894,657	58,242	-	43,983	43,758	305,843	74,528	54,513	-	-	(3,079,656)	9,468,152
Open Pantry Community Services, Inc.	-	-	-	-	-	3,070,280	-	-	-	-	-	(298,489)	2,771,791
Education and Child Care	7,989,740	-	-	-	-	-	-	-	-	-	-	(9,142)	7,980,598
Domestic Violence	988,162	-	-	-	-	-	-	-	-	-	-	-	988,162
Substance Abuse	3,814,416	-	-	-	-	-	-	-	-	-	-	(2,000)	3,812,416
Energy and Financial assistance	38,296,449	-	-	-	-	-	-	271,202	-	-	-	-	38,567,651
Transitional Housing	12,282,693	-	-	1,585,700	-	-	-	-	-	1,579,387	-	(160,204)	15,287,576
Employment and Training	1,257,529	-	-	-	-	-	-	-	-	-	-	(213,931)	1,043,598
Mental Health Services	3,860,283	-	-	-	-	-	-	-	-	-	-	(42,887)	3,817,396
Nutrition	882,852	-	-	-	-	-	-	-	-	-	-	-	882,852
Total program services before depreciation and amortization	71,444,408	9,894,657	58,242	1,585,700	43,983	3,114,038	305,843	345,730	54,513	1,579,387	-	(3,806,309)	84,620,192
Supporting services:													
General and administrative	6,202,273	156,944	-	148,498	-	154,199	-	27,632	-	113,804	-	(3,783,771)	3,019,579
Fundraising	72,954	-	-	-	-	19,714	-	-	-	10,671	-	-	103,339
Total supporting services before depreciation and amortization	6,275,227	156,944	-	148,498	-	173,913	-	27,632	-	124,475	-	(3,783,771)	3,122,918
Total expenses and losses before depreciation and amortization	77,719,635	10,051,601	58,242	1,734,198	43,983	3,287,951	305,843	373,362	54,513	1,703,862	-	(7,590,080)	87,743,110
Change in net assets/members' equity before depreciation and amortization	1,316,305	2,006,041	1,583	(3,906)	(35,146)	1,055	45,820	(125,791)	(52,597)	11,279	-	118,604	3,283,247
Depreciation and amortization expense	198,858	2,340,762	7,570	3,961	15,010	15,963	164,424	1,164	53,789	106,449	-	-	2,907,950
Change in net assets	1,117,447	(334,721)	(5,987)	(7,867)	(50,156)	(14,908)	(118,604)	(126,955)	(106,386)	(95,170)	-	118,604	375,297
Net assets/members' equity, beginning of year	13,037,183	5,841,341	70,703	(1,795,394)	747,726	169,415	3,818,271	(424,243)	(33,158)	1,820,398	-	(6,146,795)	17,105,447
Net assets/members' equity, end of year	\$ 14,154,630	\$ 5,506,620	\$ 64,716	\$ (1,803,261)	\$ 697,570	\$ 154,507	\$ 3,699,667	\$ (551,198)	\$ (139,544)	\$ 1,725,228	\$ -	\$ (6,028,191)	\$ 17,480,744