

The Vista Foundation, et al
Consolidated Financial Statements
June 30, 2018 and 2017

The Vista Foundation, et al

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June 30, 2018 and 2017

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Independent Auditor's Report

To the Board of Directors
The Vista Foundation, et al
Hershey, Pennsylvania

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Vista Foundation, et al (a non-profit organization), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, changes in net assets, cash flows, and functional expenses for the year 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 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Vista Foundation, et al as of June 30, 2018, and their changes in net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis of the consolidated financial statements 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 supplementary 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 supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Prior Period Financial Statements

The financial statements of The Vista Foundation, et al as of and for the year ended June 30, 2017, were audited by other auditors (who have merged with RKL LLP), whose report dated October 16, 2017, expressed an unmodified opinion on those statements.

RKL LLP

October 29, 2018
Mechanicsburg, Pennsylvania

The Vista Foundation, et al

Consolidated Statement of Financial Position

	June 30,	
	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,408,323	\$ 309,568
Accounts receivable, net of allowance for doubtful accounts \$-0- in 2018 and 2017	1,618,298	1,200,823
SBAP receivable	-	165,927
Pledges receivable, current, net of unamortized discount	-	2,500
Other current assets	191,868	1,763
Total Current Assets	3,218,489	1,680,581
Other Assets		
Property and equipment, net of accumulated depreciation	2,366,740	1,993,942
Total Assets	\$ 5,585,229	\$ 3,674,523
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 661,805	\$ 542,881
Payroll liabilities	730,818	505,119
Deferred revenue	718,063	395,615
Line of credit	-	135,452
Current portion of mortgages and notes payable	55,837	37,071
Total Current Liabilities	2,166,523	1,616,138
Long-Term Liabilities		
Mortgages and notes payable, net of current portion	706,420	681,483
Unamortized debt issuance costs	(26,531)	(28,025)
Long-term debt less unamortized debt issuance costs	679,889	653,458
Deferred compensation	25,000	-
Total Long-Term Liabilities	704,889	653,458
Total Liabilities	2,871,412	2,269,596
Net Assets		
Unrestricted	2,435,931	1,172,059
Temporarily restricted	277,886	232,868
Total Net Assets	2,713,817	1,404,927
Total Liabilities and Net Assets	\$ 5,585,229	\$ 3,674,523

See accompanying notes.

The Vista Foundation, et al

Consolidated Statement of Activities

	Years Ended June 30,	
	2018	2017
Revenues		
Tuition	\$ 6,657,346	\$ 5,551,531
EIBS program fees	7,298,307	6,719,356
Outreach program fees	517,640	509,029
Adult employment service fees	1,538,486	1,037,938
Adult residential service fees	3,004,947	2,763,201
Adult behavioral service fees	746,191	361,329
Early intervention service fees	514,725	-
Other program service fees	20,455	10,801
Interest income	1,388	37
Net assets released from restrictions	387,140	107,401
Miscellaneous income	57,426	103,617
Total Revenues	20,744,051	17,164,240
Public Support		
Contributions	420,505	502,547
United Way support	(1,034)	2,953
Total Public Support	419,471	505,500
Total Revenues and Public Support	21,163,522	17,669,740
Expenses		
Program services	16,815,331	14,688,036
Support services		
Management and general	2,920,560	2,435,868
Fund-raising	163,759	123,923
Total Support Services	3,084,319	2,559,791
Total Expenses	19,899,650	17,247,827
Excess of Revenues Over Expenses	\$ 1,263,872	\$ 421,913

The Vista Foundation, et al**Consolidated Statement of Changes in Net Assets**

	Years Ended June 30,	
	2018	2017
Unrestricted Net Assets		
Excess of revenues over expenses	<u>\$ 1,263,872</u>	<u>\$ 421,913</u>
Increase in Unrestricted Net Assets	<u>1,263,872</u>	<u>421,913</u>
Temporarily Restricted Net Assets		
Contributions	432,124	350,009
Interest earned	34	15
Net assets released from restrictions	<u>(387,140)</u>	<u>(107,401)</u>
Increase in Temporarily Restricted Net Assets	<u>45,018</u>	<u>242,623</u>
Total Change in Net Assets	1,308,890	664,536
Net Assets, Beginning of Year	<u>1,404,927</u>	<u>740,391</u>
Net Assets, End of Year	<u><u>\$ 2,713,817</u></u>	<u><u>\$ 1,404,927</u></u>

The Vista Foundation, et al

Consolidated Statement of Cash Flows

	Years Ended June 30,	
	2018	2017
Cash Flows from Operating Activities		
Change in net assets	\$ 1,308,890	\$ 664,536
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	282,374	238,478
Amortization of debt issuance costs	1,495	1,495
Loss on disposal of assets	8,605	491
(Increase) decrease in assets		
Accounts receivable	(251,548)	(455,447)
Pledges receivable	2,500	163,124
Other current assets	(190,105)	74,832
Increase (decrease) in liabilities		
Accounts payable, accrued expenses, and payroll liabilities	344,623	308,662
Deferred revenue	322,448	(16,765)
Deferred compensation	25,000	-
Net Cash Provided by Operating Activities	1,854,282	979,406
Cash Flows from Investing Activities		
Purchase of property and equipment	(572,154)	(227,196)
Net Cash Used in Investing Activities	(572,154)	(227,196)
Cash Flows from Financing Activities		
Net repayments on line of credit	(135,452)	(560,737)
Principal payments on mortgages and notes payable	(47,921)	(34,825)
Net Cash Used in Financing Activities	(183,373)	(595,562)
Net Increase in Cash and Cash Equivalents	1,098,755	156,648
Cash and Cash Equivalents at Beginning of Year	309,568	152,920
Cash and Cash Equivalents at End of Year	\$ 1,408,323	\$ 309,568
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 49,468	\$ 58,052
Schedule of noncash investing and financing transactions		
Property and equipment purchases funded by mortgages and notes payable incurred	\$ 91,624	\$ -

See accompanying notes.

The Vista Foundation, et alConsolidated Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services	Support Services		Total Expense
		Management and General	Fund-Raising	
Salaries	\$ 10,790,445	\$ 1,810,004	\$ 111,399	\$ 12,711,848
Payroll taxes	916,867	140,420	8,551	1,065,838
Employee benefits	2,459,270	333,578	6,021	2,798,869
Staff recruiting	6,608	5,973	-	12,581
Consulting services	61,409	-	-	61,409
Outside services	98,023	73,429	-	171,452
Rent, building repairs, and janitorial	1,589,966	182,921	-	1,772,887
Insurance	64,749	16,536	-	81,285
Telephone and internet	240	65,885	-	66,125
Supplies	170,859	45,157	-	216,016
Equipment maintenance	72,121	9,879	-	82,000
Printing and reproduction	-	51,842	-	51,842
Postage	-	4,801	-	4,801
Curriculum materials	29,834	-	-	29,834
Leases, licenses, and permits	82,316	12,067	-	94,383
Travel and entertainment	122,478	5,100	-	127,578
Student transportation	477	-	-	477
Professional development/training	44,007	15,349	-	59,356
Advertising and marketing	-	32,709	-	32,709
Dues and subscriptions	38,951	7,911	-	46,862
Bank service charges	-	9,514	-	9,514
Miscellaneous	-	25,424	-	25,424
Fund-raising	-	-	34,618	34,618
Total Expenses Before Depreciation, Interest, and Loss on Disposal of Assets	16,548,620	2,848,499	160,589	19,557,708
Depreciation	221,225	58,656	2,493	282,374
Interest	38,208	12,089	666	50,963
Loss on disposal of assets	7,278	1,316	11	8,605
Total Expenses	\$ 16,815,331	\$ 2,920,560	\$ 163,759	\$ 19,899,650

See accompanying notes.

The Vista Foundation, et al

Consolidated Statement of Functional Expenses

Year Ended June 30, 2017

	Program Services	Support Services		Total Expense
		Management and General	Fund-Raising	
Salaries	\$ 9,269,592	\$ 1,443,105	\$ 103,550	\$ 10,816,247
Payroll taxes	795,800	116,589	7,922	920,311
Employee benefits	2,173,970	270,030	1,269	2,445,269
Staff recruiting	8,854	1,185	-	10,039
Consulting services	81,982	-	-	81,982
Outside services	88,484	85,526	-	174,010
Rent, building repairs, and janitorial	1,507,375	181,946	-	1,689,321
Insurance	51,028	12,159	-	63,187
Telephone and internet	646	54,506	-	55,152
Supplies	165,623	43,414	-	209,037
Equipment maintenance	56,187	1,536	-	57,723
Printing and reproduction	-	58,492	-	58,492
Postage	-	6,260	-	6,260
Curriculum materials	18,725	-	-	18,725
Leases, licenses, and permits	60,637	7,391	-	68,028
Travel and entertainment	106,771	5,807	-	112,578
Student transportation	529	-	-	529
Professional development/training	24,592	7,026	-	31,618
Advertising and marketing	-	18,580	-	18,580
Dues and subscriptions	42,220	4,609	-	46,829
Bank service charges	-	4,693	-	4,693
Bad debt expense	-	19,799	-	19,799
Miscellaneous	-	32,089	-	32,089
Fund-raising	-	-	8,813	8,813
Total Expenses Before Depreciation, Interest, and Loss on Disposal of Assets	14,453,015	2,374,742	121,554	16,949,311
Depreciation	189,570	47,206	1,702	238,478
Interest	45,040	13,840	667	59,547
Loss on disposal of assets	411	80	-	491
Total Expenses	\$ 14,688,036	\$ 2,435,868	\$ 123,923	\$ 17,247,827

See accompanying notes.

Note 1 - Nature of Business

The Vista Foundation (The Foundation) is a non-profit corporation, incorporated under the laws of the Commonwealth of Pennsylvania on July 1, 2004. The Foundation was organized for the primary purpose of providing medical services and medical/educational consulting services to children attending The Vista School (see below), other children with autism spectrum disorders, and school districts and Intermediate Units in support of their programming for children with autism spectrum disorders. The Foundation also serves as the "parent" organization for a control group that includes The Vista School and Vista Adult Services Organization. The Foundation's Board of Directors controls the appointment of 100% of The Vista School's Board of Directors and 100% of Vista Adult Service Organization's Board of Directors. The Foundation has a partial hospitalization license from the Commonwealth of Pennsylvania Department of Human Services which, together with other applicable authorizations and waivers, allows it to receive Medical Assistance funding for its Educationally-Integrated Behavioral Services (EIBS) and early intervention services. The Foundation also receives funding for its EIBS and early intervention services through private insurance companies. The Foundation's other source of funding is payments from school districts and Intermediate Units for direct services to students enrolled in those districts and Intermediate Units (Outreach). In addition, The Foundation supplements funding through gifts, grants, and contributions.

The consolidated financial statements include the accounts of The Foundation and those of The Vista School (The School) and Vista Adult Services Organization (VASO).

The School is a non-profit corporation incorporated under the laws of the Commonwealth of Pennsylvania on June 7, 2000. The sole member of The School is The Foundation. The primary purpose of The School is to operate a day school and provide other educational and educational support programs for children diagnosed with autism spectrum disorders employing the principles of applied behavioral analysis. The School opened its educational program on February 4, 2002. The Commonwealth of Pennsylvania Department of Education has approved The School as a licensed private academic school. In February 2003, the Department of Education approved The School as an Approved Private School, effective July 1, 2003. The School funds operations through tuition payments from the Pennsylvania Department of Education, sponsoring school districts Intermediate Units, and parents. In addition, The School supplements funding through the School Based Access Program (SBAP), gifts, grants, contributions, and fund-raising events.

VASO is a Pennsylvania corporation, initially incorporated under the laws of the Commonwealth of Pennsylvania on October 19, 2011 as a for-profit corporation with the sole shareholder being The Foundation. Pursuant to Articles of Conversion filed on October 29, 2013, VASO was converted from a for-profit domestic business corporation to a non-profit corporation. The sole member of VASO is The Foundation. The primary purpose of VASO is the provision of housing, job support, behavioral care, and related services to adult individuals with autism spectrum disorders. VASO began operation in October 2014 and receives funding from the Commonwealth of Pennsylvania Department of Human Services, sponsoring school districts, and parents.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

Basis of Accounting

The Foundation, et al uses the accrual method of accounting, recognizing income when earned and expenses when incurred.

Basis of Presentation

The Foundation, et al follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. Under ASC 958, The Foundation, et al is required to report 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. Net assets are classified as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that may or will be met either by actions of The Foundation, et al and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed restrictions that must be maintained permanently by The Foundation, et al. The Foundation, et al does not have any permanently restricted net assets.

Pledges Receivable

Unconditional promises to give are recorded as pledges and are recognized as revenues when notified of the pledge. Pledges receivable are recorded at the present value of their estimated future cash flows. The discounts on those amounts were computed using risk-free interest rates. Amortization of the discount, if any, is included in contribution income. The allowance method is used to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made.

Accounts Receivable

Accounts receivable are related to program service fees and are recorded net of an allowance for doubtful accounts.

SBAP Receivable

The SBAP receivable represents the balance of funds available for disbursement to The School for certain purpose expenditures in a restricted fund maintained by the Pennsylvania Department of Education, including accrual of outstanding claims due to the fund (see Note 8 for further details).

Note 2 - Summary of Significant Accounting Policies (continued)

Allowance for Doubtful Accounts

The Foundation, et al provide an allowance for doubtful accounts equal to estimated losses that will be incurred in the collection of all receivables. The estimated losses are based on a review of the current status of the existing receivables and collectability of delinquent accounts, generally those accounts that are three months or more past due. Amounts are charged against the allowance for doubtful accounts when management has determined that the balances are uncollectible.

Property and Equipment

Property and equipment are stated at cost for purchased fixed assets and at estimated fair value for donated fixed assets, net of accumulated depreciation. Depreciation for buildings, furniture, equipment, and vehicles is computed using the straight-line method over estimated lives of the assets. Leasehold improvements are amortized over the estimated life of the lease. Additions and major improvements are capitalized while maintenance and repairs that do not significantly extend the useful lives of the respective assets are charged to operations when incurred. When property and equipment are sold or otherwise disposed of, the asset accounts and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations.

Long-Lived Assets

Long-lived assets, other than those held for sale, are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value amount. Fair value estimates are based on assumptions concerning the amount and timing of the estimated future cash flows and discount rates reflecting varying degrees of perceived risk. Management of The Foundation, et al concluded that no impairment adjustments were required during the years ended June 30, 2018 and 2017.

Debt Issuance Costs

Costs incurred as a result of financing arrangements are amortized over the terms of the associated loans using the straight-line method, which approximates the effective-interest method. Unamortized debt issuance costs are presented as a direct deduction from the carrying amount of the related long-term debt. Accumulated amortization was \$3,363 and \$1,869 at June 30, 2018 and 2017, respectively. Amortization of debt issuance costs totaling \$1,495 for the years ended June 30, 2018 and 2017 is included in interest expense.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. In addition, donor-restricted contributions whose restrictions are met in the same reporting period in which the contributions are received are classified as unrestricted contributions.

Note 2 - Summary of Significant Accounting Policies (continued)

Donated Services

A number of unpaid volunteers have made significant contributions of their time to develop The Foundation's, The School's, and VASO's programs. The value of this contributed time is not reflected in these consolidated financial statements since it is not susceptible to objective measurement or valuation. However, because recognition of donated services as revenue would also involve recognition of corresponding expenses, there would be no effect on net assets.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the consolidated statement of functional expenses.

Income Tax Status

The Foundation, The School, and VASO are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and are exempt from income taxes on related activities pursuant to Section 509(a) of the Code.

The Foundation, et al has reviewed the impact of accounting for the uncertainty in income taxes (FASB ASC 740-10-05) on the consolidated financial statements and has determined there are no material uncertain tax positions or unrecognized tax benefits and there is no material impact on the consolidated statement of financial position, or statements of activities, changes in net assets, cash flows, or functional expenses.

The IRS Form 990 for The Foundation, The School, and VASO for the years ended June 30, 2017, 2016 and 2015 remain open for an examination or compliance check by the IRS.

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 that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities, at the date of preparation of the consolidated financial statements, and 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)

Credit Risk

The Foundation, et al's accounts receivable and pledges receivable consist of unsecured obligations from the Commonwealth of Pennsylvania Department of Human Services (directly and by and through its behavioral health managed care organizations pursuant to Pennsylvania's HealthChoices Medical Assistance Program), Pennsylvania Department of Education, local school districts, private insurance companies, private individuals, local counties, corporate and individual donors, and government grants. The ability of these individuals and companies to pay their financial commitments is subject to economic changes in their personal and corporate financial situations.

The Foundation, et al maintain cash and cash equivalents in various financial institutions, which at times may exceed the limits insured by the FDIC. Any amounts over the federally insured limit represent an uninsured risk. The Foundation, et al have not experienced any losses in such accounts and they believe they are not exposed to any significant credit risk on cash and cash equivalents.

Statement of Cash Flows

For purposes of the statement of cash flows, The Foundation, et al consider all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents include bank checking and savings account balances.

Reclassifications

Certain items in the 2017 consolidated financial statements have been reclassified to conform to the 2018 consolidated financial statement presentation. The reclassifications have no effect on the change in net assets.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides a robust framework for addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance. This guidance is effective for annual reporting periods beginning after December 15, 2018. The Foundation, et al is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. This guidance is effective for fiscal years beginning after December 15, 2019. The Foundation, et al is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

The Vista Foundation, et al

Notes to Consolidated Financial Statements
June 30, 2018 and 2017

Note 2 - Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions", and expands disclosures about the nature and amount of any donor restrictions. This guidance is effective for annual periods beginning after December 15, 2017. The Foundation, et al is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

Note 3 - Pledges Receivable

Pledges receivable are recorded net of a discount to reduce the receivable to the present value of its expected future cash flows and net of an allowance for uncollectible accounts of \$-0- at June 30, 2018 and 2017. Pledges receivable representing unconditional promises to give consist of the following at June 30:

	2018	2017
In one year or less	\$ -	\$ 2,500
Less discount	-	-
Pledges receivable, current portion	-	2,500
Total Pledges Receivable	\$ -	\$ 2,500

Note 4 - Facilities and Operating Leases

The Foundation and The School moved their facilities to 1021 Springboard Drive, Hershey, Pennsylvania during August 2011. A lease agreement was entered into in October 2010 for those facilities with the Hershey Trust Company as landlord. The lease commenced on May 1, 2012. The initial term of the lease is for sixteen years expiring on August 31, 2027. The lease can be extended for two optional terms of five years each. The base rent under this lease was an annual rent amount equal to the greatest of the following: (1) the minimum fixed rent (which was \$695,780 per annum for the first lease year and escalates each year based on the increase in the Inpatient Hospital PPS Market Basket Update Less Productivity Adjustment (the "Index"), (2) the minimum contingent rent (which for the first lease year was nine percent of the annual gross revenues of The Foundation and The School as projected in the annual consolidated budget as defined in the lease agreement, and is equal to the actual contingent rent for the prior lease year for each lease year thereafter, escalated based upon the increase in the Index), or (3) the actual contingent rent (which is nine percent of the actual annual gross revenues arising from the use of the facilities for The Foundation and The School from the audited consolidated financial statements as defined in the lease agreement).

Note 4 - Facilities and Operating Leases (continued)

This lease agreement with the Hershey Trust Company was amended effective September 1, 2016 to exercise the option to extend the term of the lease for an extension term of five years from September 1, 2027 to August 31, 2032. For years subsequent to lease year ending August 31, 2016, if The Foundation or The School receive additional revenue attributable to lease years ending August 31, 2013 through 2016 (such as an SBAP settlement), an amount equal to nine percent of the additional revenue shall be paid to the Hershey Trust Company as prior year additional rent. For the lease year ending August 31, 2017, base rent under this lease is an annual rent amount equal to the greater of the following: (1) the minimum contingent rent (which is the base rent for lease year ending August 31, 2016 of \$1,071,542 escalated based upon the increase in the Index) or (2) the actual contingent rent (which is nine percent of the actual annual gross revenues arising from the use of the facilities for The Foundation and The School from the audited consolidated financial statements as defined in the lease agreement). Effective for the lease year ending August 31, 2018 and lease years thereafter, base rent under this lease is an annual rent amount equal to the base rent for the preceding lease year, excluding any prior year additional rent, escalated based upon the increase in the Index.

Rent expense under this lease for the years ended June 30, 2018 and 2017 was \$1,128,836 and \$1,121,354, respectively. Future lease payments as of each June 30 under this lease are determined by escalating the base rent of the preceding lease year (\$1,132,719 for lease year ending August 31, 2018) by the Index for each lease year through the expiration date.

In February 2015, The Foundation entered into a lease which commenced in August 2015 for an adult training facility for VASO. The term of this lease is ten years with an option to renew the term for two independent consecutive periods of three years each. The annual base rent under the lease escalates 1.75% for each successive lease year including renewal terms. In July 2015, the lease was amended for additional area to be occupied in this facility for VASO. The commencement of the lease amendment was October 2015, which was when the tenant improvements to the additional area had been substantially completed. In August 2017, the lease was amended to terminate the first lease amendment for additional area to be occupied and to eliminate the right of first refusal included in the original lease. In June 2018, this lease was amended again to add additional space to be occupied and effective August 1, 2018, additional lease payments of \$500 per month will commence. Rent expense under this lease for the years ended June 30, 2018 and 2017 was \$58,458 and \$55,657, respectively.

The School entered into an agreement with Lower Dauphin School District which commenced in August 2016 for lease of a classroom to operate a full-time autism support class within this school district. The term of this agreement is three years through May 2019 and minimum annual rent under this agreement is \$15,000. The agreement shall be reviewed annually and revised as needed. Rent expense under this agreement was \$16,667 and \$15,000 for the years ended June 30, 2018 and 2017, respectively.

The School has leased various computer equipment under various noncancellable operating lease agreements which expire between July 2021, and June 2022, and require various minimum annual rentals. Rent expense under these leases for the years ended June 30, 2018 and 2017 was \$17,135 and \$-0-, respectively.

The Vista Foundation, et al**Notes to Consolidated Financial Statements**
June 30, 2018 and 2017**Note 4 - Facilities and Operating Leases (continued)**

Minimum future rental payments under non-cancelable operating leases having (excluding the lease with the Hershey Trust Company described above) remaining terms in excess of one year as of June 30, 2018 for each of the next five years and in the aggregate are:

2019	\$	82,183
2020		68,262
2021		68,851
2022		52,315
2023		41,433
Thereafter		88,298
		<u>88,298</u>
	\$	<u>401,342</u>

Note 5 - Property and Equipment

Property and equipment at June 30 consist of:

	<u>2018</u>	<u>2017</u>
Buildings	\$ 915,970	\$ 887,400
Leasehold improvements	1,130,198	1,053,883
Classroom furniture	63,034	50,684
Office furniture and equipment	830,227	677,851
Playground equipment	155,165	5,955
Vehicles	462,714	263,690
	<u>3,557,308</u>	2,939,463
Accumulated depreciation	<u>(1,190,568)</u>	(945,521)
	<u>\$ 2,366,740</u>	<u>\$ 1,993,942</u>

Note 6 - Line of Credit

The Foundation has a secured revolving line of credit due in monthly installments of accrued interest at the variable rate of the Fulton Bank, N.A. Prime Rate, with a floor of 4.00%. Interest rate at June 30, 2018 was 5.00%. In November 2017, the line of credit was increased to \$2,000,000 from \$1,200,000. The outstanding principal balance plus accrued interest is due on the maturity date of November 1, 2018. The loan is secured by assets of The Foundation and The School and an unlimited guarantee by The School. As of June 30, 2018 and 2017, the balance on this line of credit was \$-0- and \$135,452, respectively.

The loan agreement for the line of credit contain various covenants including the maximum total liabilities to tangible net worth of 3.50 to 1 and minimum debt coverage ratio of 1.25 to 1. At June 30, 2018 and 2017, these covenants were met.

The Vista Foundation, et al

Notes to Consolidated Financial Statements
June 30, 2018 and 2017

Note 7 - Mortgages and Notes Payable

Mortgages and notes payable consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Mortgage payable, The Foundation, in the amount of \$212,000, payable in 239 monthly installments of \$1,345 of principal and interest and one final payment due October 2035. Interest rate is fixed at 4.47% for 60 months through October 2020. Thereafter, the interest rate will be a variable rate of 0.50% above the Fulton Bank, N.A. Prime Rate with a floor of 4.00%. The loan is secured by a mortgage on 1649 Melrose Drive, Dauphin County, Pennsylvania and a guaranty of The School	\$ 193,533	\$ 200,727
Mortgage payable, The Foundation, in the amount of \$139,920, payable in 239 monthly installments of \$888 of principal and interest and one final payment due October 2035. Interest rate is fixed at 4.47% for 60 months through October 2020. Thereafter, the interest rate will be a variable rate of 0.50% above the Fulton Bank, N.A. Prime Rate with a floor of 4.00%. The loan is secured by a mortgage on 630 Cardinal Drive, Dauphin County, Pennsylvania and a guaranty of The School	127,556	132,312
Mortgage payable, The Foundation, in the amount of \$204,000, payable in 239 monthly installments of \$1,294 of principal and interest and one final payment due January 2036. Interest rate is fixed at 4.47% for 60 months through January 2021. Thereafter, the interest rate will be a variable rate of 0.25% above the Fulton Bank, N.A. Prime Rate with a floor of 4.00%. The loan is secured by a mortgage on 126 Highland Circle, Dauphin County, Pennsylvania and a guaranty of The School	187,973	194,817
Mortgage payable, The Foundation, in the amount of \$154,000, payable in 239 monthly installments of \$977 of principal and interest and one final payment due March 2036. Interest rate is fixed at 4.47% for 60 months through March 2021. Thereafter, the interest rate will be a variable rate of 0.25% above the Fulton Bank, N.A. Prime Rate with a floor of 4.00%. The loan is secured by a mortgage on 11 Kokomo Avenue, Dauphin County, Pennsylvania and a guaranty of The School	143,219	147,921

The Vista Foundation, et alNotes to Consolidated Financial Statements
June 30, 2018 and 2017**Note 7 - Mortgages and Notes Payable (continued)**

	<u>2018</u>	<u>2017</u>
Note payable in the amount of \$20,743, payable in 60 monthly installments of \$391 of principal and interest at 4.91% through February 2021. The loan is secured by a vehicle	\$ 11,354	\$ 15,699
Note payable in the amount of \$9,289, payable in 48 monthly installments of \$216 of principal and interest at 5.48% through April 2020. The loan is secured by a vehicle	4,317	6,787
Note payable in the amount of \$7,500, payable in 48 monthly installments of \$175 of principal and interest at 5.48% through April 2020. The loan is secured by a vehicle	3,486	5,480
Note payable in the amount of \$8,606, payable in 48 monthly installments of \$207 of principal and interest at 7.18% through June 2020. The loan is secured by a vehicle	4,615	6,683
Note payable in the amount of \$10,463, payable in 48 monthly installments of \$252 of principal and interest at 7.18% through June 2020. The loan is secured by a vehicle	5,614	8,128
Note payable in the amount of \$10,653, payable in 60 monthly installments of \$205 of principal and interest at 5.89% through October 2022. The loan is secured by a vehicle	9,247	-
Note payable in the amount of \$10,653, payable in 60 monthly installments of \$205 of principal and interest at 5.89% through October 2022. The loan is secured by a vehicle	9,247	-
Note payable in the amount of \$23,439, payable in 60 monthly installments of \$453 of principal and interest at 5.99% through November 2022. The loan is secured by a vehicle	20,712	-
Note payable in the amount of \$23,439, payable in 60 monthly installments of \$453 of principal and interest at 5.99% through November 2022. The loan is secured by a vehicle	20,712	-

The Vista Foundation, et al

Notes to Consolidated Financial Statements
June 30, 2018 and 2017

Note 7 - Mortgages and Notes Payable (continued)

	<u>2018</u>	<u>2017</u>
Note payable in the amount of \$23,439, payable in 60 monthly installments of \$453 of principal and interest at 5.99% through November 2022. The loan is secured by a vehicle	\$ 20,672	\$ -
	762,257	718,554
Unamortized debt issuance costs	(26,531)	(28,025)
Current portion	(55,837)	(37,071)
	<u>762,257</u>	<u>718,554</u>
Long-Term Debt Less Unamortized Debt Issuance Costs	\$ 679,889	\$ 653,458

The following are maturities of long-term debt for each of the next five years and in the aggregate:

2019	\$ 55,837
2020	57,681
2021	49,488
2022	49,248
2023	36,952
Thereafter	513,051
	<u>762,257</u>

Note 8 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Scholarship fund	\$ 34,785	\$ 66,941
SBAP fund	-	165,927
Gap funding & transportation	85,100	-
Early intervention program	100,000	-
Capital purchases	58,001	-
	<u>277,886</u>	<u>232,868</u>

The Vista Foundation, et al**Notes to Consolidated Financial Statements**
June 30, 2018 and 2017**Note 8 - Temporarily Restricted Net Assets (continued)**

In August 2002, the Board of Directors of The School established the Scholarship Fund to receive corporate grants under the Commonwealth of Pennsylvania's Educational Improvement Tax Credit (EITC) Program. In August 2005, the Board of Directors of The School established a Pre-Kindergarten Scholarship Fund to receive corporate grants under the Commonwealth of Pennsylvania's Pre-Kindergarten EITC Program. The ending balance of this fund is recorded as a temporarily restricted asset in the consolidated financial statements. The following activity was recorded in the Scholarship Fund for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Balance, Beginning of Year	\$ 66,941	\$ (32,097)
Plus: Corporate EITC contributions	146,000	190,800
Interest earned	34	15
	<u>212,975</u>	<u>158,718</u>
Funds available		
Less: Scholarships awarded	148,990	45,217
Program administrative costs	29,200	46,560
	<u>178,190</u>	<u>91,777</u>
Funds used		
Balance, End of Year	<u>\$ 34,785</u>	<u>\$ 66,941</u>

The SBAP Fund is a temporarily restricted fund maintained by the Pennsylvania Department of Education under a program which provides federal reimbursement through Medicaid funds for medical/behavioral-health related services provided by qualified staff to students enrolled in The School. The funds in this account are available for disbursement to The School for reimbursement of certain purpose expenditures upon approved requests made to the Pennsylvania Department of Education by The School. A corresponding SBAP receivable is reported on the consolidated statement of financial position representing the balance in this fund available for disbursement to The School at June 30, 2018 and 2017, including accrual of outstanding claims due to the fund, upon approved requests for withdrawal of funds made by The School. The ending balance of this fund is recorded as a temporarily restricted asset in the consolidated financial statements.

Note 8 - Temporarily Restricted Net Assets (continued)

The following activity was recorded in the SBAP Fund for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Balance, Beginning of Year	\$ 165,927	\$ 6,718
Plus: Contributions to fund (including accruals)	<u>-</u>	<u>159,209</u>
Funds available	<u>165,927</u>	<u>165,927</u>
Less: Requested distributions from the fund	<u>165,927</u>	<u>-</u>
Funds used	<u>165,927</u>	<u>-</u>
Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ 165,927</u></u>

On June 18, 2014, The School filed a Complaint in Mandamus in the United States District Court for the Middle District of Pennsylvania (the Middle District) against the Pennsylvania Secretary of Public Welfare, now Secretary of the Department of Human Services, and the then Acting Secretary of Education, and their payment agent, Public Consulting Group, alleging fraud, mismanagement, and breach of contract in administration of the SBAP program and seeking emergency injunctive relief and money damages from the defendants. On July 1, 2014, The School withdrew its lawsuit, without prejudice, amid promises by the defendants to work towards a settlement of the claims set forth therein. On October 29, 2014, The School presented a global settlement offer to the defendants with respect to all outstanding SBAP amounts due in cost settlement for the fiscal years ended June 30, 2013 and June 30, 2014.

On October 21, 2015, defendants provided their own global settlement offer of \$154,216 for the year ended June 30, 2013 and \$106,928 for the year ended June 30, 2014, totaling \$261,144 for both years. On October 22, 2015, the School accepted defendants' offer. A formal settlement agreement was executed on January 4, 2016 and payment of the \$261,144 was made to The School's SBAP Fund and its drawdown is reflected in the consolidated financial statements.

On June 13, 2016, The School filed an Administrative Appeal with Respect to Cost Settlement for the year ended June 30, 2015. That same date, The School presented a global settlement offer to the defendants with respect to all outstanding SBAP amounts due in cost settlement for the year ended June 30, 2015 in the amount of \$217,016. On April 5, 2017, the defendants provided their own global settlement offer of \$159,209 for the year ended June 30, 2015, which was accepted by The School and accrued in the consolidated financial statements at June 30, 2017.

Note 9 - Defined Contribution Pension Plans

The Vista School sponsors a 401(k) defined contribution plan covering substantially all employees of The Foundation, The School, and VASO. The plan is funded by voluntary employee contributions and discretionary employer matching and profit sharing contributions. There were no employer matching contributions to the plan for the years ended June 30, 2018 and 2017. The employer made profit sharing contributions of \$250,000 and \$-0-, respectively, for the years ended June 30, 2018 and 2017.

In June 2018, The Foundation adopted a 457(b) deferred compensation plan covering certain management employees who meet the eligibility requirements and elect to participate in the plan. In connection with contracts between The Foundation and various management employees, provision has been made for the future compensation that is payable upon the completion of required employment. The Foundation will contribute a specified percentage of compensation to the plan as allowed under Internal Revenue Code Section 457 for eligible participants that elect to defer a portion of their compensation to the plan. The Foundation contributes a discretionary annual amount to the plan in accordance with the offer letters (with respect to their at-will employment) issued to the participating employees.

The Foundation has established a trust totaling \$25,000 as of June 30, 2018 for the purpose of providing a source of funds to assist in meeting the liabilities under the 457(b) plan. The deferred compensation is to be paid to the participating management employees in scheduled payments or a lump sum equal to their accrued benefit upon a qualifying distribution event as prescribed by the plan. Participants are vested in the employer portion of their accounts after five years from the adoption date of the plan. The expense related to the plan for the year ended June 30, 2018 amounted to \$25,000. Total liabilities related to the plan as of June 30, 2018 amounted to \$25,000.

Note 10 - Related Party Transactions

At June 30, 2018 and 2017, there were amounts reported on the Due to affiliate and Due from affiliate lines of the consolidating statement of financial position that represented transactions between The School, The Foundation, and VASO resulting from a portion of each organization's operating expenses being funded by one of the other affiliated organizations. Total Due from affiliate reported by The School and The Foundation was \$1,478,117 and \$294,941, respectively, and total Due to affiliate reported by VASO was \$1,773,058 for the year ended June 30, 2018. Total Due from affiliate reported by The School and The Foundation was \$537,261 and \$972,143, respectively, and total Due to affiliate reported by VASO was \$1,509,404 for the year ended June 30, 2017.

During the years ended June 30, 2018 and 2017, The School paid a management fee to The Foundation in the amount of \$846,084 and \$710,173, respectively, to reimburse The Foundation for certain administrative and managerial functions performed by The Foundation's employees in support of operations of The School pursuant to the Management Agreement between The School and The Foundation. During the years ended June 30, 2018 and 2017, VASO also paid a management fee to The Foundation in the amount of \$654,248 and \$510,327, respectively, pursuant to the Management Agreement between VASO and The Foundation.

Note 10 - Related Party Transactions (continued)

VASO leases the residential homes that are used to provide residential care services to adult individuals with autism spectrum disorders from The Foundation, who owns the homes. The monthly lease amount is \$7,800. VASO made lease payments totaling \$93,600 for the years ended June 30, 2018 and 2017 to The Foundation.

Note 11 - Self-Insured Health Insurance

Effective January 1, 2017, The Foundation, et al moved to a self-funded health insurance plan with a third party administrator. The Foundation, et al purchases stop loss insurance, which is designed to limit the employer's loss in a self-funded plan to a specific amount in the event of catastrophic claims or a multitude of unanticipated claims. The stop loss policy limits the amount of claims The Foundation, et al would be responsible for annually to \$70,000 per individual and approximately \$1,000,000 in the aggregate for the period of January to June 2018 and \$60,000 per individual and approximately \$1,000,000 in the aggregate for the period of January 2017 to December 2017. The Foundation, et al pays a monthly fee for the stop loss premium and administrative costs. The Foundation, et al is expensing health insurance claims and related expenses, along with premiums for the stop loss insurance as incurred. The Foundation, et al believes all costs associated with the self-insured program have been properly recorded at June 30, 2018 and 2017.

Note 12 - Subsequent Events

The Foundation has evaluated subsequent events through October 29, 2018. This date is the date the financial statements were able to be issued. No material events subsequent to June 30, 2018 were noted.

The Vista Foundation, et al

Consolidating Statement of Financial Position

June 30, 2018

	School	Foundation	VASO	Eliminations	Consolidated Total
Assets					
Current Assets					
Cash and cash equivalents	\$ 95,083	\$ 1,259,049	\$ 54,191	\$ -	\$ 1,408,323
Accounts receivable	724,115	887,244	788,289	(781,350)	1,618,298
Other current assets	7,369	184,499	-	-	191,868
Due from affiliate	1,478,117	294,941	-	(1,773,058)	-
Total Current Assets	2,304,684	2,625,733	842,480	(2,554,408)	3,218,489
Other Assets					
Property and equipment, net of accumulated depreciation	647,031	1,464,255	255,454	-	2,366,740
Total Assets	\$ 2,951,715	\$ 4,089,988	\$ 1,097,934	\$ (2,554,408)	\$ 5,585,229
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and accrued expenses	\$ 405,223	\$ 902,808	\$ 135,124	\$ (781,350)	\$ 661,805
Payroll liabilities	179,299	352,024	199,495	-	730,818
Deferred revenue	709,652	8,411	-	-	718,063
Current portion of mortgages and notes payable	17,879	37,958	-	-	55,837
Due to affiliate	-	-	1,773,058	(1,773,058)	-
Total Current Liabilities	1,312,053	1,301,201	2,107,677	(2,554,408)	2,166,523
Long-Term Liabilities					
Mortgages and notes payable, net of current portion	54,445	651,975	-	-	706,420
Unamortized debt issuance costs	-	(26,531)	-	-	(26,531)
Long-term debt less unamortized debt issuance costs	54,445	625,444	-	-	679,889
Deferred compensation	10,000	15,000	-	-	25,000
Total Long-Term Liabilities	64,445	640,444	-	-	704,889
Total Liabilities	1,376,498	1,941,645	2,107,677	(2,554,408)	2,871,412
Net Assets					
Unrestricted	1,534,410	1,946,364	(1,044,843)	-	2,435,931
Temporarily restricted	40,809	201,977	35,100	-	277,886
Total Net Assets	1,575,219	2,148,341	(1,009,743)	-	2,713,817
Total Liabilities and Net Assets	\$ 2,951,717	\$ 4,089,986	\$ 1,097,934	\$ (2,554,408)	\$ 5,585,229

The Vista Foundation, et al

Consolidating Statement of Financial Position

June 30, 2017

	<u>School</u>	<u>Foundation</u>	<u>VASO</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Assets					
Current Assets					
Cash and cash equivalents	\$ 18,730	\$ 303,334	\$ (12,496)	\$ -	\$ 309,568
Accounts receivable	752,134	623,381	606,658	(781,350)	1,200,823
SBAP receivable	165,927	-	-	-	165,927
Pledges receivable, current	-	2,500	-	-	2,500
Other current assets	-	1,763	-	-	1,763
Due from affiliate	537,261	972,143	-	(1,509,404)	-
Total Current Assets	1,474,052	1,903,121	594,162	(2,290,754)	1,680,581
Other Assets					
Property and equipment, net of accumulated depreciation	435,030	1,279,173	279,739	-	1,993,942
Total Assets	\$ 1,909,082	\$ 3,182,294	\$ 873,901	\$ (2,290,754)	\$ 3,674,523
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and accrued expenses	\$ 470,240	\$ 736,246	\$ 117,745	\$ (781,350)	\$ 542,881
Payroll liabilities	136,673	240,387	128,059	-	505,119
Deferred revenue	395,615	-	-	-	395,615
Line of credit	-	135,452	-	-	135,452
Current portion of mortgages and notes payable	4,599	32,472	-	-	37,071
Due to affiliate	-	-	1,509,404	(1,509,404)	-
Total Current Liabilities	1,007,127	1,144,557	1,755,208	(2,290,754)	1,616,138
Long-Term Liabilities					
Mortgages and notes payable, net of current portion	10,211	671,272	-	-	681,483
Unamortized debt issuance costs	-	(28,025)	-	-	(28,025)
Total Long-Term Liabilities	10,211	643,247	-	-	653,458
Total Liabilities	1,017,338	1,787,804	1,755,208	(2,290,754)	2,269,596
Net Assets					
Unrestricted	658,876	1,394,490	(881,307)	-	1,172,059
Temporarily restricted	232,868	-	-	-	232,868
Total Net Assets	891,744	1,394,490	(881,307)	-	1,404,927
Total Liabilities and Net Assets	\$ 1,909,082	\$ 3,182,294	\$ 873,901	\$ (2,290,754)	\$ 3,674,523

The Vista Foundation, et al

Consolidating Statement of Activities
Year Ended June 30, 2018

	School	Foundation	VASO	Eliminations	Consolidated Total
Revenues					
Tuition	\$ 6,657,346	\$ -	\$ -	\$ -	\$ 6,657,346
EIBS program fees	-	7,298,307	-	-	7,298,307
Outreach program fees	-	550,760	-	(33,120)	517,640
Adult employment service fees	-	-	1,605,930	(67,444)	1,538,486
Adult residential service fees	-	-	3,004,947	-	3,004,947
Adult behavioral service fees	-	-	746,191	-	746,191
Early intervention service fees	-	514,725	-	-	514,725
Other program service fees	20,455	-	-	-	20,455
Interest income	1,292	27	69	-	1,388
Net assets released from restrictions	369,117	18,023	-	-	387,140
Management fees	-	1,500,332	-	(1,500,332)	-
Miscellaneous income	56,310	93,598	1,118	(93,600)	57,426
Total Revenues	7,104,520	9,975,772	5,358,255	(1,694,496)	20,744,051
Public Support					
Contributions	214,379	191,502	14,624	-	420,505
United Way support	50	(1,084)	-	-	(1,034)
Total Public Support	214,429	190,418	14,624	-	419,471
Total Revenues and Public Support	7,318,949	10,166,190	5,372,879	(1,694,496)	21,163,522
Expenses					
Program services	5,510,748	6,955,907	4,542,840	(194,164)	16,815,331
Support services					
Management and general	931,478	2,496,704	992,710	(1,500,332)	2,920,560
Fund-raising	1,189	161,705	865	-	163,759
Total Support Services	932,667	2,658,409	993,575	(1,500,332)	3,084,319
Total Expenses	6,443,415	9,614,316	5,536,415	(1,694,496)	19,899,650
Excess (Deficit) of Revenues over (under) Expenses	\$ 875,534	\$ 551,874	\$ (163,536)	\$ -	\$ 1,263,872

The Vista Foundation, et al
 Consolidating Statement of Activities
 Year Ended June 30, 2017

	<u>School</u>	<u>Foundation</u>	<u>VASO</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Revenues					
Tuition	\$ 5,551,531	\$ -	\$ -	\$ -	\$ 5,551,531
EBS program fees	-	6,719,356	-	-	6,719,356
Outreach program fees	-	509,029	-	-	509,029
Adult employment service fees	-	-	1,037,938	-	1,037,938
Adult residential service fees	-	-	2,763,201	-	2,763,201
Adult behavioral service fees	-	-	361,329	-	361,329
Other program service fees	10,801	-	-	-	10,801
Interest income	26	9	2	-	37
Net assets released from restrictions	107,401	-	-	-	107,401
Management fees	-	1,220,500	-	(1,220,500)	-
Miscellaneous income	24,929	172,198	90	(93,600)	103,617
Total Revenues	5,694,688	8,621,092	4,162,560	(1,314,100)	17,164,240
Public Support					
Contributions	79,860	320,701	101,986	-	502,547
United Way support	-	2,953	-	-	2,953
Total Public Support	79,860	323,654	101,986	-	505,500
Total Revenues and Public Support	5,774,548	8,944,746	4,264,546	(1,314,100)	17,669,740
Expenses					
Program services	4,941,903	6,177,769	3,661,964	(93,600)	14,688,036
Support services					
Management and general	795,994	2,151,447	708,927	(1,220,500)	2,435,868
Fund-raising	3,475	118,525	1,923	-	123,923
Total Support Services	799,469	2,269,972	710,850	(1,220,500)	2,559,791
Total Expenses	5,741,372	8,447,741	4,372,814	(1,314,100)	17,247,827
Excess (Deficit) of Revenues over (under) Expenses	\$ 33,176	\$ 497,005	\$ (108,268)	\$ -	\$ 421,913

The Vista Foundation, et alConsolidating Statement of Changes in Net Assets
Year Ended June 30, 2018

	<u>School</u>	<u>Foundation</u>	<u>VASO</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Unrestricted Net Assets					
Excess (deficit) of revenues over (under) expenses	<u>\$ 875,534</u>	<u>\$ 551,874</u>	<u>\$ (163,536)</u>	<u>\$ -</u>	<u>\$ 1,263,872</u>
Increase (Decrease) in Unrestricted Net Assets	<u>875,534</u>	<u>551,874</u>	<u>(163,536)</u>	<u>-</u>	<u>1,263,872</u>
Temporarily Restricted Net Assets					
Contributions	177,024	220,000	35,100	-	432,124
Interest earned	34	-	-	-	34
Net assets released from restrictions	<u>(369,117)</u>	<u>(18,023)</u>	<u>-</u>	<u>-</u>	<u>(387,140)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(192,059)</u>	<u>201,977</u>	<u>35,100</u>	<u>-</u>	<u>45,018</u>
Total Change in Net Assets	<u>683,475</u>	<u>753,851</u>	<u>(128,436)</u>	<u>-</u>	<u>1,308,890</u>
Net Assets, Beginning of Year	<u>891,744</u>	<u>1,394,490</u>	<u>(881,307)</u>	<u>-</u>	<u>1,404,927</u>
Net Assets, End of Year	<u>\$ 1,575,219</u>	<u>\$ 2,148,341</u>	<u>\$ (1,009,743)</u>	<u>\$ -</u>	<u>\$ 2,713,817</u>

The Vista Foundation, et alConsolidating Statement of Changes in Net Assets
Year Ended June 30, 2017

	<u>School</u>	<u>Foundation</u>	<u>VASO</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Unrestricted Net Assets					
Excess (deficit) of revenues over (under) expenses	\$ 33,176	\$ 497,005	\$ (108,268)	\$ -	\$ 421,913
Increase (Decrease) in Unrestricted Net Assets	<u>33,176</u>	<u>497,005</u>	<u>(108,268)</u>	<u>-</u>	<u>421,913</u>
Temporarily Restricted Net Assets					
Contributions	350,009	-	-	-	350,009
Interest earned	15	-	-	-	15
Net assets released from restrictions	(107,401)	-	-	-	(107,401)
Increase In Temporarily Restricted Net Assets	<u>242,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,623</u>
Total Change in Net Assets	<u>275,799</u>	<u>497,005</u>	<u>(108,268)</u>	<u>-</u>	<u>664,536</u>
Net Assets, Beginning of Year	<u>615,945</u>	<u>897,485</u>	<u>(773,039)</u>	<u>-</u>	<u>740,391</u>
Net Assets, End of Year	<u>\$ 891,744</u>	<u>\$ 1,394,490</u>	<u>\$ (881,307)</u>	<u>\$ -</u>	<u>\$ 1,404,927</u>

The Vista School

Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services	Supporting Services			Total Expense
		Management and General	Fund-Raising	Eliminations	
Salaries	\$ 3,270,587	\$ -	\$ -	\$ -	\$ 3,270,587
Payroll taxes	260,036	-	-	-	260,036
Employee benefits	629,971	-	-	-	629,971
Staff recruiting	781	-	-	-	781
Consulting services	124,933	-	-	(67,444)	57,489
Outside services	52,040	17,537	-	-	69,577
Rent, building repairs, and janitorial	824,017	-	-	-	824,017
Insurance	22,948	2,004	-	-	24,952
Telephone and internet	240	8,869	-	-	9,109
Supplies	29,590	8,010	-	-	37,600
Equipment maintenance	51,359	-	-	-	51,359
Printing and reproduction	-	14,748	-	-	14,748
Postage	-	2,261	-	-	2,261
Curriculum materials	29,834	-	-	-	29,834
Leases, licenses, and permits	39,873	80	-	-	39,953
Travel and entertainment	9,402	17	-	-	9,419
Student transportation	477	-	-	-	477
Professional development/training	15,838	-	-	-	15,838
Advertising and marketing	-	5,005	-	-	5,005
Dues and subscriptions	10,395	265	-	-	10,660
Bank service charges	-	3,139	-	-	3,139
Miscellaneous	-	5,659	-	-	5,659
Fund-raising	-	-	1,167	-	1,167
Scholarship contributions transfer	33,120	-	-	(33,120)	-
Management fees	-	846,084	-	(846,084)	-
Total Expenses Before Depreciation, Interest, and Loss on Disposal of Assets	5,405,441	913,678	1,167	(946,648)	5,373,638
Depreciation	92,972	15,715	20	-	108,707
Interest	5,507	931	1	-	6,439
Loss on disposal of assets	6,828	1,154	1	-	7,983
Total Expenses	\$ 5,510,748	\$ 931,478	\$ 1,189	\$ (946,648)	\$ 5,496,767

The Vista School

Statement of Functional Expenses
Year Ended June 30, 2017

	Program Services	Supporting Services			Total Expense
		Management and General	Fund-Raising	Eliminations	
Salaries	\$ 3,004,532	\$ -	\$ -	\$ -	\$ 3,004,532
Payroll taxes	247,176	-	-	-	247,176
Employee benefits	539,740	-	-	-	539,740
Staff recruiting	2,774	-	-	-	2,774
Consulting services	81,107	-	-	-	81,107
Outside services	26,669	22,894	-	-	49,563
Rent, building repairs, and janitorial	791,994	-	-	-	791,994
Insurance	14,881	1,349	-	-	16,230
Telephone and internet	646	7,170	-	-	7,816
Supplies	37,181	8,003	-	-	45,184
Equipment maintenance	25,045	-	-	-	25,045
Printing and reproduction	-	14,074	-	-	14,074
Postage	-	2,620	-	-	2,620
Curriculum materials	18,725	-	-	-	18,725
Leases, licenses, and permits	21,192	-	-	-	21,192
Travel and entertainment	10,199	-	-	-	10,199
Student transportation	529	-	-	-	529
Professional development/training	16,978	-	-	-	16,978
Advertising and marketing	-	7,068	-	-	7,068
Dues and subscriptions	14,464	52	-	-	14,516
Bank service charges	-	2,323	-	-	2,323
Bad debt expense	-	172	-	-	172
Miscellaneous	-	5,911	-	-	5,911
Fund-raising	-	-	3,414	-	3,414
Scholarship contributions transfer	-	-	-	-	-
Management fees	-	710,173	-	(710,173)	-
Total Expenses Before Depreciation, Interest, and Loss on Disposal of Assets	4,853,832	781,809	3,414	(710,173)	4,928,882
Depreciation	81,725	13,163	57	-	94,945
Interest	6,346	1,022	4	-	7,372
Total Expenses	\$ 4,941,903	\$ 795,994	\$ 3,475	\$ (710,173)	\$ 5,031,199

The Vista Foundation

Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services	Supporting Services			Total Expense
		Management and General	Fund-Raising	Eliminations	
Salaries	\$ 4,441,259	\$ 1,604,743	\$ 111,399	\$ -	\$ 6,157,401
Payroll taxes	386,679	122,352	8,551	-	517,582
Employee benefits	1,124,154	297,069	6,021	-	1,427,244
Staff recruiting	1,034	5,973	-	-	7,007
Outside services	20,483	25,865	-	-	46,348
Rent, building repairs, and janitorial	604,006	182,921	-	-	786,927
Insurance	39,236	12,262	-	-	51,498
Telephone and internet	-	35,011	-	-	35,011
Supplies	66,717	29,556	-	-	96,273
Equipment maintenance	6,729	9,879	-	-	16,608
Printing and reproduction	-	36,705	-	-	36,705
Postage	-	2,526	-	-	2,526
Leases, licenses, and permits	34,621	10,832	-	-	45,453
Travel and entertainment	58,111	2,635	-	-	60,746
Professional development/training	17,050	15,349	-	-	32,399
Advertising and marketing	-	26,796	-	-	26,796
Dues and subscriptions	20,580	7,646	-	-	28,226
Bank service charges	-	4,031	-	-	4,031
Miscellaneous	-	16,008	-	-	16,008
Fund-raising	-	-	32,591	-	32,591
Total Expenses Before Depreciation, Interest, and Loss on Disposal of Assets	6,820,659	2,448,159	158,562	-	9,427,380
Depreciation	106,221	38,126	2,469	-	146,816
Interest	28,577	10,257	664	-	39,498
Loss on disposal of assets	450	162	10	-	622
Total Expenses	\$ 6,955,907	\$ 2,496,704	\$ 161,705	\$ -	\$ 9,614,316

The Vista Foundation

Statement of Functional Expenses
Year Ended June 30, 2017

	Program Services	Supporting Services			Total Expense
		Management and General	Fund-Raising	Eliminations	
Salaries	\$ 3,819,956	\$ 1,352,744	\$ 103,550	\$ -	\$ 5,276,250
Payroll taxes	330,650	109,027	7,922	-	447,599
Employee benefits	1,096,929	268,930	1,269	-	1,367,128
Staff recruiting	3,587	1,185	-	-	4,772
Outside services	40,920	31,639	-	-	72,559
Rent, building repairs, and janitorial	570,184	181,946	-	-	752,130
Insurance	33,258	9,199	-	-	42,457
Telephone and internet	-	28,904	-	-	28,904
Supplies	34,948	29,767	-	-	64,715
Equipment maintenance	7,196	1,536	-	-	8,732
Printing and reproduction	-	43,702	-	-	43,702
Postage	-	3,617	-	-	3,617
Leases, licenses, and permits	27,070	5,957	-	-	33,027
Travel and entertainment	65,518	5,133	-	-	70,651
Professional development/training	4,119	7,026	-	-	11,145
Advertising and marketing	-	10,434	-	-	10,434
Dues and subscriptions	23,870	4,557	-	-	28,427
Bank service charges	-	1,896	-	-	1,896
Bad debt expense	-	2,965	-	-	2,965
Miscellaneous	-	9,644	-	-	9,644
Fund-raising	-	-	3,490	-	3,490
Total Expenses Before Depreciation, Interest, and Loss on Disposal of Assets	6,058,205	2,109,808	116,231	-	8,284,244
Depreciation	85,126	29,645	1,633	-	116,404
Interest	34,438	11,994	661	-	47,093
Total Expenses	\$ 6,177,769	\$ 2,151,447	\$ 118,525	\$ -	\$ 8,447,741

Vista Adult Services Organization

Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services	Supporting Services			Total Expense
		Management and General	Fund-Raising	Eliminations	
Salaries	\$ 3,078,599	\$ 205,261	\$ -	\$ -	\$ 3,283,860
Payroll taxes	270,152	18,068	-	-	288,220
Employee benefits	705,145	36,509	-	-	741,654
Staff recruiting	4,793	-	-	-	4,793
Consulting services	3,920	-	-	-	3,920
Outside services	25,500	30,027	-	-	55,527
Rent, building repairs, and janitorial	255,543	-	-	(93,600)	161,943
Insurance	2,565	2,270	-	-	4,835
Telephone and internet	-	22,005	-	-	22,005
Supplies	74,552	7,591	-	-	82,143
Equipment maintenance	14,033	-	-	-	14,033
Printing and reproduction	-	389	-	-	389
Postage	-	14	-	-	14
Leases, licenses, and permits	7,822	1,155	-	-	8,977
Travel and entertainment	54,965	2,448	-	-	57,413
Professional development/training	11,119	-	-	-	11,119
Advertising and marketing	-	908	-	-	908
Dues and subscriptions	7,976	-	-	-	7,976
Bank service charges	-	2,344	-	-	2,344
Miscellaneous	-	3,757	-	-	3,757
Fund-raising	-	-	860	-	860
Management fees	-	654,248	-	(654,248)	-
Total Expenses Before Depreciation, Interest, and Loss on Disposal of Assets	4,516,684	986,994	860	(747,848)	4,756,690
Depreciation	22,032	4,815	4	-	26,851
Interest	4,124	901	1	-	5,026
Total Expenses	\$ 4,542,840	\$ 992,710	\$ 865	\$ (747,848)	\$ 4,788,567

Vista Adult Services Organization

Statement of Functional Expenses
Year Ended June 30, 2017

	Program Services	Supporting Services			Total Expense
		Management and General	Fund-Raising	Eliminations	
Salaries	\$ 2,445,104	\$ 90,361	\$ -	\$ -	\$ 2,535,465
Payroll taxes	217,974	7,562	-	-	225,536
Employee benefits	537,301	1,100	-	-	538,401
Staff recruiting	2,493	-	-	-	2,493
Consulting services	875	-	-	-	875
Outside services	20,895	30,993	-	-	51,888
Rent, building repairs, and janitorial	238,797	-	-	(93,600)	145,197
Insurance	2,889	1,611	-	-	4,500
Telephone and internet	-	18,432	-	-	18,432
Supplies	93,494	5,644	-	-	99,138
Equipment maintenance	23,946	-	-	-	23,946
Printing and reproduction	-	716	-	-	716
Postage	-	23	-	-	23
Leases, licenses, and permits	12,375	1,434	-	-	13,809
Travel and entertainment	31,054	674	-	-	31,728
Professional development/training	3,495	-	-	-	3,495
Advertising and marketing	-	1,078	-	-	1,078
Dues and subscriptions	3,886	-	-	-	3,886
Bank service charges	-	474	-	-	474
Bad debt expense	-	16,662	-	-	16,662
Miscellaneous	-	16,534	-	-	16,534
Fund-raising	-	-	1,909	-	1,909
Management fees	-	510,327	-	(510,327)	-
Total Expenses Before Depreciation, Interest, and Loss on Disposal of Assets	3,634,578	703,625	1,909	(603,927)	3,736,185
Depreciation	22,719	4,398	12	-	27,129
Interest	4,256	824	2	-	5,082
Loss on disposal of assets	411	80	-	-	491
Total Expenses	\$ 3,661,964	\$ 708,927	\$ 1,923	\$ (603,927)	\$ 3,768,887