Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump
Making government work better

Official Audit Report – May 20, 2013

The May Institute, Inc. and Affiliates

For the period July 1, 2009 through June 30, 2011

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INTRODUCTION AND SUMMARY OF FINDINGS AND RECOMMENDATIONS

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor (OSA) has conducted a performance audit of certain administrative expenses incurred by the May Institute, Inc. (May Institute) for the period July 1, 2009 through June 30, 2011. The May Institute, located in Randolph, Massachusetts, offers programs serving 14 states and has affiliations and partnerships with more than 50 universities, hospitals, and human-service agencies worldwide. During our audit period, the May Institute provided services to over 8,500 individuals and families. This audit was conducted as part of OSA's ongoing oversight of the state's contracted human-service providers.

Highlight of Audit Findings

- During fiscal years 2010 and 2011, the May Institute charged $138,213 to its state-funded programs for nonreimbursable compensation it provided to its President/Chief Executive Officer (President/CEO[1]). This additional compensation was provided for such items as home health services for the President/CEO's spouse, other family services, the personal use of two vehicles, and a per diem allowance of $105 for traveling costs while he worked from a house he owned in Georgia. These items were nonreimbursable because they were in excess of the maximum salary amounts allowed by state regulations. We also found that the May Institute failed to report as much as $151,717 of the President/CEO's total compensation as taxable income to the Internal Revenue Service (IRS) and the Massachusetts Department of Revenue, contrary to guidance issued by both those entities.

- We found that during our audit period, the May Institute charged $210,556 more than the maximum allowable amount against its state contracts for wages to various members of its management staff. This $210,556 represents unallowable expenses and should be refunded to the Commonwealth.

Recommendations of the State Auditor

- The May Institute should reimburse the Commonwealth for the $138,213 in nonreimbursable compensation that it provided to its President/CEO charged against its state contracts during our audit period. In the future, the May Institute should take measures to ensure that it does not charge any unallowable compensation expenses against its state contracts and ensure that all taxable compensation items are properly reported.

- The May Institute should reimburse the Commonwealth the $210,556 in salaries it paid to certain managers that exceed the amount allowed by state regulations. Further, the May

[1] The President/CEO of the May Institute retired in December 2012, and a new President/CEO was appointed in January 2013. All mentions in this report of the May Institute's President/CEO refer to the person who held this position during our audit period, not its current President/CEO.

Institute should review the salaries of all of its managers and appropriately apply state limits to all affected employees.

Agency Progress

- The May Institute agreed with our identification of the unallowable compensation it provided to its President/CEO and indicated that, in the financial statements it filed with the Commonwealth for fiscal year 2012, it properly classified these items as being nonreimbursable. In addition, during our audit, the May Institute filed corrected IRS W-2 forms for the President/CEO.

- The May Institute informed us that in fiscal year 2012, it correctly applied the state salary limitation to its program managers.

- The May Institute stated that it would work with the state's Operational Services Division and Department of Developmental Services regarding a final disposition of the unallowable compensation costs we identified and will reissue its financial statements for fiscal years 2011 and 2012 if necessary.

OVERVIEW OF AUDITED AGENCY

The May Institute, Inc. (May Institute), located in Randolph, Massachusetts, was incorporated on April 4, 1955 under the provisions of Chapter 180 of the Massachusetts General Laws as a not-for-profit organization. It offers programs serving 14 states and has affiliations and partnerships with more than 50 universities, hospitals, and human-service agencies worldwide. During our audit period, the organization had over 2,000 employees, and in fiscal year 2011, it provided services to over 8,500 individuals and families.

The May Institute provides educational, rehabilitative, and behavioral care to individuals with autism spectrum disorders, developmental disabilities, neurological and behavioral disorders, and other mental illnesses. Specific services provided by the May Institute include housing in residential group homes and supported living, private special education schools, vocational training, supported employment, psychiatric services, and transportation. (A detailed description of the services provided by the May Institute appears in the Appendix to this report.) It also provides support and direction for the families of afflicted individuals. Additionally, the May Institute conducts and disseminates research regarding the education and rehabilitation of persons suffering from these maladies and provides training for professionals serving them.

During fiscal years 2010 and 2011, the May Institute received revenue from a variety of sources, as indicated in the following table:

Summary of Revenue[2]

Revenue Source	Fiscal Year 2010	Fiscal Year 2011
Contributions and Gifts	$ 83,416	$ 110,780
Government In-Kind/Capital Budget	71,750	205,002
Private In-Kind	186,805	1,606,950
Department of Mental Health	4,842,342	4,517,097
Department of Developmental Services	30,296,564	31,812,870
Department of Public Health	918,087	1,043,359
Department of Children and Families	1,446,053	1,484,015
Massachusetts Commission for the Blind	36,023	36,023
Massachusetts Rehabilitation Commission	37,257	84,345

[2] This information was extracted from the Uniform Financial Statements and Independent Auditor's Reports that the May Institute filed with the Commonwealth.

Revenue Source	Fiscal Year 2010	Fiscal Year 2011
Massachusetts State Agency Non–Purchase of Service	189,305	181,231
Massachusetts Local Government/Quasi-Government Entities	28,966,148	28,569,289
Non-MA State/Local Government	9,478,913	10,118,180
Medicaid – Direct Payments	5,134,259	5,549,277
Medicaid – Massachusetts Behavioral Health Partnership Subcontract	730,115	979,475
Medicare	29,198	101,823
Client Resources	3,319,064	3,444,661
Massachusetts Publicly Sponsored Client Offsets – Insurance and Nutritional Supports	2,555,427	3,167,249
Private Client Fees (excluding third party)	1,128,795	793,536
Commercial Activities	106,059	130,190
Investment Revenue	360,787	663,087
Other Revenue	13,958,131	14,081,069
Released Net Assets – Program	556,756	32,969
Total Revenues	$ 104,431,254	$ 108,712,477

AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain administrative expenses incurred by the May Institute, Inc. (May Institute) for the period July 1, 2009 through June 30, 2011. The objectives of our review were to determine whether certain administrative expenses, including executive salaries, fringe benefits, travel and automobile expenses, and credit card use were reasonable and allowable under state regulations.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our assessment of the May Institute's internal control system was limited to obtaining an understanding of management's attitude, the control environment, internal policies, and the flow of transactions through the May Institute's accounting system. Given the limited nature of our audit objectives and our planned audit work, rather than assessing the reliability of the organization's internal controls in the areas of our audit objectives, we relied upon conducting more substantive audit procedures to achieve our objectives. Specifically, we reviewed the May Institute's audited financial statements, cost reports, invoices, and other pertinent financial records and calculations to determine whether the expenses it incurred during the period covered by our audit were reasonable; allowable; properly authorized and recorded; and in compliance with applicable laws, rules, and regulations.

When performing our audit, we relied on a combination of source documents, along with data from the May Institute's accounting system and its audited financial statements, rather than separately determining the reliability of the Authority's information-system controls. However, we believe the data obtained were sufficiently reliable. We also examined judgmentally selected samples of transactions that we believe were representative of the populations tested; however, these results cannot be projected to the various populations.

Our findings in the areas we examined are discussed in the Audit Findings section.

AUDIT FINDINGS

1. NONREIMBURSABLE COMPENSATION TOTALING $138,213 PROVIDED TO THE MAY INSTITUTE'S PRESIDENT/CEO AND FAILURE TO REPORT AS MUCH AS $151,717 OF HIS INCOME TO THE APPROPRIATE TAX AUTHORITIES

We found that during fiscal years 2010 and 2011, the May Institute, Inc. (May Institute) charged $138,213 of compensation it provided to its President/Chief Executive Officer (President/CEO) to its state contracts. The May Institute should have identified this compensation as nonreimbursable expenses in the Uniform Financial Statements and Independent Auditors Reports (UFRs) it submitted to the Commonwealth. This additional compensation was provided for such items as home health services for the President/CEO's spouse, other family services, the personal use of two vehicles, and a per diem allowance of $105 for traveling costs while he worked from a house he owned in Georgia. These items were nonreimbursable because they were in excess of the maximum salary amounts allowed by state regulations. We also found that the May Institute failed to report as much as $151,717 of his total compensation as taxable income to the Internal Revenue Service and Massachusetts Department of Revenue, contrary to guidance issued by both those entities.

In evaluating the compensation that the May Institute provided to its President/CEO as well as expenses that it incurred on his behalf, we noted various compensation and expenses associated with his residing out of state, in Georgia. Based on our discussions with organization officials, we found that although the May Institute's corporate headquarters are located in Randolph, Massachusetts, its President/CEO primarily worked out of his home in Clarksville, Georgia. Members of the May Institute's Board of Directors informed us that in 2001, they wanted the President/CEO to spend more time in Georgia because the Georgia segments of the organization's business were struggling. In addition, the board wanted to expand business in the southern United States, so the President/CEO relocated from Massachusetts to Georgia. The May Institute ultimately opened four locations in Georgia and one location in Florida. The board also told us that the President/CEO travels to Randolph, Massachusetts, at least twice a month and is otherwise accessible as needed. The board members indicated that with the technology available today (e.g., Internet, Skype, e-mail, cell phones), it is not critical that the President/CEO actually work out of the corporate headquarters in Massachusetts.

The Operational Services Division (OSD), the Massachusetts state agency responsible for regulating and overseeing the activities of contracted human-service providers such as the May Institute, has established a regulation that limits the amount of compensation expenses that can be charged to the Commonwealth for managers and officers of contracted human-service providers. Specifically, 808 Code of Massachusetts Regulations (CMR) 1.05(24) indicates that officers' and managers' salaries exceeding a set limit are not reimbursable by the Commonwealth. These salary limits were $143,986 in fiscal year 2010 and $149,025 in fiscal year 2011.

In the UFRs that the May Institute filed with OSD for fiscal years 2010 and 2011, the May Institute reported that it provided its President/CEO with compensation it charged to its state contracts as well as compensation it deemed nonreimbursable that was not charged to state contracts, as indicated in the table below.

Compensation Reported by the May Institute for Its President/CEO

	2010	2011
Base Salary	$ 279,968	$ 279,968
Additional Compensation (related to family-service expenses)	25,299	23,131
Bonus	–	10,080
Vacation Payout	–	56,525
Total Wage Compensation	$ 305,267	$ 369,704
Fringe Benefits (nonreimbursable)		
Deferred Compensation – Company Contributions	$ 51,514	$ 51,394
Personal Use of Georgia and Massachusetts Vehicles	7,520	11,887
Life Insurance Premiums	810	810
Long-Term Care Insurance Premiums	1,183	1,183
Total Nonreimbursable Fringe Benefits	$ 61,027	$ 65,274
Nonreimbursable Travel Costs – Flights to Visit Massachusetts Corporate Office	$ 10,507	$ 16,942
Total Compensation	$ 376,801	$ 451,920
State Salary Limit	$ (143,986)	$ (149,025)
Total Nonreimbursable Costs	$ 232,815	$ 302,895

In addition to this reported compensation, we found that the President/CEO received $138,213 of additional compensation that the May Institute charged against its state contracts but should have reported as nonreimbursable because it is above the maximum salary amounts allowed by state regulations. These costs are shown in the table below.

Nonreimbursable Compensation Charged to State Contracts

	Fiscal Year 2010	Fiscal Year 2011	Total
Additional Compensation – Family-Service Benefits	$ 30,694	$ 32,862	$ 63,556
Personal Use of Vehicles Garaged in Georgia and Massachusetts	19,538	17,506	37,044
Per Diem and Parking	18,374	19,239	37,613
Total Nonreimbursable Costs Charged to State Contracts	$ 68,606	$ 69,607	$ 138,213

An explanation of the items in the above table appears below.

- Additional Compensation – This compensation was provided to help the President/CEO pay for family services such as a home health aide for his wife, transportation and other services for family members visiting his wife, and daycare fees for his grandson. This benefit was approved by the May Institute's Board of Directors as part of the President/CEO's compensation arrangement and has a maximum amount of $55,993 per year. The difference between what was actually paid for these services and the $55,993 was paid to the President/CEO as salary, which was reported by the May Institute in its UFRs. This amount was paid directly by the May Institute for these services and was not reported as direct compensation to the President/CEO on the organization's UFRs.

- Personal Use of Vehicles – OSD regulation 808 CMR 1.05 identifies the following expenses as being nonreimbursable under state contracts:

  > *Costs which are not adequately documented in the light of the American Institute of Certified Public Accountants statements on auditing standards for evidential matters.*

  During our audit period, the May Institute's President/CEO had the use of two vehicles leased by the organization: a Chrysler Town & Country minivan garaged in Georgia and a Chrysler Pacifica garaged in Massachusetts. The total cost (i.e., lease, insurance, gasoline, depreciation of a motorized chairlift) of operating both vehicles was $27,058 in fiscal year 2010 and $29,393 in fiscal year 2011. The May Institute classified $7,520 of the $27,058 and $11,887 of the $29,393 in fiscal years 2010 and 2011, respectively, as nonreimbursable costs in its UFRs. However, the organization could not provide us with any documentation (e.g., mileage logs) or other data (e.g., records of meetings attended or appointment calendars) to substantiate the business or personal mileage the President/CEO reported. Because the May Institute could not provide sufficient documentation regarding the distinction between business and personal use of these vehicles, in accordance with OSD regulations, the additional vehicle-related expenses of $19,538 ($27,058 total vehicle expenses – $7,520 claimed as nonreimbursable) in fiscal year 2010 and $17,506 ($29,393 total vehicle expenses – $11,887 claimed as nonreimbursable) in fiscal year 2011 should also have been classified by the organization as nonreimbursable expenses for this benefit it provided to the President/CEO. The May Institute's prior Treasurer/Chief Financial Officer (Treasurer) told us he was not aware that there was any problem with the documentation in question. He added that the President/CEO periodically reported his personal and corporate mileage amounts to him by telephone. The Treasurer would then forward these amounts to the accounting department, which used this information to calculate the taxable amount that needed to be included in the President/CEO's Internal Revenue Service (IRS) Form W-2.

- Per Diem Allowance and Parking – While living in Georgia, the President/CEO was paid a per diem amount of $105, for totals of $15,225 in fiscal year 2010 and $16,485 in fiscal year 2011. May Institute accounting personnel told us that the President/CEO is paid the per diem amount to cover costs when he visits the May Institute's corporate headquarters in Massachusetts, but they could not show us hotel or meal receipts to indicate that a per diem payment was warranted or why a per diem rate approved by the IRS for certain counties in the state of Georgia was used. Further, even though the per diem totals were above the maximum allowable compensation amount, the May Institute charged these expenses to its state contracts rather than reporting these benefit amounts as nonreimbursable expenses in the UFRs it filed with OSD. When we spoke to the May Institute's Vice President of Finance, who was responsible for calculating reimbursable costs, she told us she was not aware that the President/CEO was receiving a per diem payment. In addition to the per diem payments, the nonreimbursable totals in the chart above include payments to the President/CEO for airport parking fees in Atlanta, Georgia, and Providence, Rhode Island, which totaled $3,149 and $2,754 for fiscal years 2010 and 2011, respectively.

We also found that the May Institute failed to report as much as $151,717 of the President/CEO's total compensation as taxable income to the IRS and the Massachusetts Department of Revenue, contrary to guidance issued by both those entities, as indicated below:

Compensation Not Reported as Taxable

	Fiscal Year 2010	Fiscal Year 2011	Total
Family-Service Benefits	$ 30,694	$32,862	$ 63,556
Personal Use of Automobiles	27,058	29,393	56,451
Per Diem Reimbursements	15,225	16,485	31,710
Total	$ 72,977	$78,740	$ 151,717

Organization officials were not able to tell us why the May Institute had not reported these items to the appropriate tax authorities. However, we observed that these additional compensation amounts were not included in taxable wages on the company's payroll register, and therefore the compensation would not have shown as taxable income when the May Institute prepared its computation of nonreimbursable wages.

Recommendation

The May Institute should reimburse the Commonwealth for the $138,213 in nonreimbursable compensation that it provided to its President/CEO charged against its state contracts during our audit period. In the future, the May Institute should take measures to ensure that it does not charge any unallowable compensation expenses against its state contracts and ensure that all taxable compensation items are properly reported.

Auditee's Response

> *The May Institute does not dispute the disallowance of the amounts paid for health services and the per diem and has complied with this reporting in its fiscal 2012 UFR.*
>
> *Additional compensation was provided for the CEO to use at his discretion. He chose to use a portion of this additional compensation to provide services for family members. Any amounts expended were withheld from the additional compensation. The balance that was not expended by the CEO was paid to the CEO as wages.*
>
> *In addition, the CEO was paid a per diem for expense reimbursement related to time spent in Georgia. The report from the State Auditor indicates that the per diem was paid for time spent in Massachusetts.*
>
> *The CEO received the benefit of personal use of an auto in Massachusetts and in Georgia. He was required to submit regular mileage logs to the CFO documenting the use of personal and business miles so this benefit could be calculated and reported as income. This documentation was available but was not requested during the audit….*
>
> *A portion of the CEO's additional compensation and the personal vehicle usage were reported on his W2, but were incorrectly reported as non-taxable fringe benefits instead of taxable fringe benefits. The error occurred due to a mistake in the setup of the payroll system by the outside contracted payroll provider. The May Institute submitted a request to the payroll provider to setup a code labeled "Taxable fringe benefits." This code was created and labeled appropriately in the payroll system, but incorrectly resulted in the amount being reported as non-taxable fringe benefits on the CEO's W2 for state and federal taxes. It was reported correctly for FICA and Medicare.*
>
> *The May Institute independently identified the error in the W2s and noted it to the State Auditors during their field work. Management also took the steps required to correct the problem with the payroll setup and to issue W2Cs* [sic] *for the years in question. In addition, we have implemented supplemental internal controls to review W2 additions*

and reconciliation of reimbursable and non-reimbursable compensation to avoid similar issues from being repeated. These corrections have already been put into place so that FY12 and calendar year 2012 are accurately reported.

The May Institute will work with the State Auditor's Office, the Operational Services Division and DDS to make a final determination of any unallowable costs and to refile our UFR to correctly categorize these costs as charged to non-Commonwealth sources. May has adequate eligible revenue to offset any final determinations of unallowable costs by OSD.

Auditor's Reply

Contrary to what the May Institute asserts in its response, its records indicate that the additional compensation provided to its President/CEO was not for discretionary purposes but was for "services to family members." Further, in its response, the organization asserts that it had travel logs for its President/CEO indicating his business versus personal use of the vehicles in question. However, when we requested these logs during our audit field work, the May Institute was not able to provide them. In response to our draft report, the organization submitted mileage logs intended to substantiate the President/CEO's personal versus business use of the automobiles. However, these logs were inadequate and did not establish how the President/CEO actually used the vehicles. The May Institute did correct the President/CEO's W-2 forms to include the personal mileage amounts as taxable income.

Along with its response, the May Institute sent us corrected W-2 forms that included the total family-service benefits as taxable income as recommended in our report.

In its response, the May Institute agrees that the per diem paid to the President/CEO should have been classified as nonreimbursable. However, it still needs to review the taxability of the per diem amounts, whether the per diem was paid for time in Georgia or Massachusetts.

2. EXCESSIVE SALARIES TOTALING $210,556 NOT CLASSIFIED AS NONREIMBURSABLE COSTS IN ACCORDANCE WITH STATE REGULATIONS

We found that during our audit period, the May Institute charged $210,556 more than the maximum allowable amount against its state contracts for wages to various members of its management staff. This $210,556 represents unallowable expenses and should be refunded to the Commonwealth.

As previously noted, 808 CMR 1.05 indicates that officers' and managers' salaries exceeding a set limit are not reimbursable by the Commonwealth. Each year, OSD distributes a Policy

Guidance/Regulatory Interpretation memo regarding the application and amount of this salary cap. The OSD policy memo indicates that program directors and program managers of social service programs are normally considered management for purposes of the salary cap. The salary limits were $143,986 in fiscal year 2010 and $149,025 in fiscal year 2011. These guidelines, however, do not apply to clinicians, such as medical doctors or licensed psychologists, who primarily perform clinical duties. Also, as a matter of practice, OSD's salary cap does not apply to the clinical duties a manager performs as long as the clinical portion is documented by time sheets, billings, diaries, or patient notes. Therefore, a portion of a clinician manager's salary could be subject to the salary limit for managerial activities, but exempt from the salary cap for clinical functions.

In fiscal year 2010, the May Institute made a nonreimbursable salary calculation of $475,729 that included 14 employees whose salary rates exceeded state maximums. However, our review of the May Institute's records showed that an additional $125,533 should have been classified as nonreimbursable, as shown in the following table.

Excess Salaries for Fiscal Year 2010

Title	Hours	Employee Pay Rate	State Limit	Excess Salary
Program Director/SVP*	1,077	90.14	69.22[3]	$ 22,530.84
Program Director/SVP	1,168	84.13	69.22	17,414.88
Program Director/SVP	736	80.11	69.22	8,015.04
Program Director/SVP	1,600	82.28	69.22	20,896.00
Program Manager	2,040	81.59	69.22	25,234.80
Program Manager	2,000	79.23	69.22	20,020.00
Program Director/SVP	1,580	74.96	69.22	9,069.20
Program Director/SVP	504	72.12	69.22	1,461.60
Program Director/SVP	1,714	69.74	69.22	891.28
Total for Fiscal Year 2010				$125,533.64

*SVP = Senior Vice President

For five of the above employees, the May Institute calculated hours spent on management versus clinical duties, but could not provide us with a basis for the allocation (e.g., time sheets, patient records). The May Institute considered the four other employees non-managerial and

[3] $143,986/2,080 hours= 69.22

considered all of their salaries exempt from the excess-salary calculation. However, the May Institute could not provide evidence that these four employees had clinical duties, and their titles (such as Program Director and Senior Vice President) indicate that their roles were managerial.

Similarly, in fiscal year 2011, the May Institute prepared a schedule that showed 11 employees whose salaries exceeded state limits. The work hours for two of the employees were apportioned between managerial and clinical roles without any documented basis for the allocation. However, we found that an additional $85,022 should have been charged to nonreimbursable costs; this amount represents the non-managerial portion of the salaries of these two employees plus excess salaries of three additional employees, as follows.

Excess Salaries for Fiscal Year 2011

Title	Hours	Rate	Limit	Excess Salary
Program Manager/EVP	2,080	86.30	71.65**	$ 30,472.00
Program Manager/SVP	2,080	84.98	71.65	27,726.40
Program Director/EVP	2,080	79.40	71.65	16,120.00
Program Director/EVP	1,280	79.33	71.65	9,830.40
Program Director/ SVP	1,900	72.11	71.65	874.00
Total for Fiscal Year 2011				$ 85,022.80

* EVP = Executive Vice President, SVP = Senior Vice President

** $149,025/2080 = 71.65

Although officials at the May Institute stated that the amounts in the table were not allocated to administration because these employees were working in a clinical role, they could not provide documentation of that role. Further, the specific individuals we noted held positions such as Senior Vice President or Executive Vice President acting as Program Director or Program Manager, whose primary duties were supervising other clinicians.

Recommendation

While the May Institute appeared to be conscientious in making computations of nonreimbursable costs, it needs to evaluate the actual role of various Program Managers, Directors, and Senior Vice Presidents, and to the extent to which their role is managerial, their salaries in excess of the state limitation must be classified as nonreimbursable. For fiscal years

2010 and 2011, the May Institute should reimburse the Commonwealth the $210,556 in salaries it paid to certain managers in excess of state limitations. Further, it should specifically document which of an employee's hours are spent on clinical duties and which are spent on managerial duties so that it can apply the appropriate state salary limit to employees whose duties are managerial rather than clinical.

Auditee's Response

The May Institute has always complied with the state's caps on reimbursable salary levels for administrative management positions. The state auditor's report has disallowed portions of salaries paid to program managers.

In fiscal year 2012 UFR, the May Institute has complied with this interpretation of the instructions issued by OSD and has disallowed that portion of program manager salaries which exceed the cap.

It is important to note that the cap is on the portion of a salary that can be charged to the Commonwealth; it is not a cap on the salary levels provider agencies can pay its staff.

The May Institute will work with the State Auditor's Office, the Operational Services Division and DDS to make a final determination of any unallowable costs and to refile our UFR to correctly categorize these costs as charged to non-Commonwealth sources. May has adequate eligible revenue to offset any final determinations of unallowable costs by OSD.

APPENDIX

Programs Operated by the May Institute

The text of this Appendix is quoted from the May Institute 2011 Annual Report[4].

Adult Services

Through our May Centers for Adult Services, we offer a wide range of community-based services for adults with autism and other developmental disabilities. These include residential group homes and supported living apartments, as well as day habilitation, vocational training, and supported employment.

Child Development Services

May Centers for Child Development are private special education schools specifically serving children with autism spectrum disorders and other developmental disabilities. Our four schools in Massachusetts and California are nationally recognized for combining best practices from the fields of applied behavior analysis (ABA) and special education. Students receive highly individualized behavioral, academic, and vocational programming. Many of our students also receive residential services through a variety of community-based group homes.

Education and Neurorehabilitation Services

May Center for Education and Neurorehabilitation is a private special education school in Brockton, Mass. It is nationally recognized for providing services to children, adolescents, and young adults with acquired brain injury or neurological disease. The Center is one of only a handful of pediatric programs in the U.S. that focus on both education and rehabilitation. Families have the option of combining school services with on-campus or community-based residential programs.

Behavioral Health Services

May Centers for Behavioral Health support at-risk children and adolescents, including those with emotional disturbances, behavioral issues, and school and learning problems. Our broad range of Massachusetts-based therapeutic services include school-based treatment, psychological and neuropsychological testing, group therapy, and therapeutic after-school and wrap-around services. We also provide a child abuse education and prevention program to school districts. We serve adults with a wide range of severe psychiatric disorders through community-based psychosocial clubhouse

[4] May Institute 2011 Annual Report, http://www.mayinstitute.org/pdfs/2011AR_FINAL9-12.pdf

programs, day treatment, adult day health, community support, job skills training and supported employment, and crisis stabilization.

Counseling Services

May Counseling Centers offer outpatient evaluation, counseling, and therapy to children and adults through three mental health clinics in Massachusetts. Our highly trained, multi-disciplinary team of psychiatrists, psychologists, clinical social workers, nurses, and interns provides specialized clinical care. They treat key emotional and behavioral concerns including anxiety disorders, depression, eating disorders, women's issues, and learning difficulties.

Assessment Services

May Assessment Centers offer diagnostic evaluations and therapeutic treatment services to children and adolescents with autism spectrum disorders, and to their families. The Autism Spectrum Disorders Clinic and its outreach sites in Massachusetts provide standardized assessments, behavioral treatment, social skills development, and parent support.

Consultation Services

May Consultation Centers in New England, the Mid-Atlantic, and the Southeast offer home, school, and agency consultation for children and adolescents with a broad range of special needs. Home-based consultation and early intervention programs help families develop effective strategies to support their child's development in the home and community. For public schools seeking to enhance services for students with learning, cognitive, and behavioral challenges, we offer on-site consultation and professional development training, including Positive Behavior Support.

Autism Treatment Services

National Autism Center is dedicated to supporting effective, evidence-based treatment approaches for autism spectrum disorders (ASD), and to providing direction to families, practitioners, organizations, policy-makers, and funders. The Center identifies effective programming, shares practical information with families about how to respond to the challenges they face, conducts applied research, and develops training and service models for practitioners. Finally, the Center works to shape public policy concerning ASD and its treatment through the development and dissemination of national standards of practice.

The Autism Spectrum Disorders (ASD) Clinic, a program of May Institute and the National Autism Center, expanded its offerings in 2011 after moving into newly renovated space in Randolph, Mass.

The Clinic serves individuals from 18 months through adulthood. It provides diagnostic evaluations to children and adolescents suspected of having an ASD or other developmental disability. It also offers support services, including group and individual formats, to address parental stress and adjustment to diagnosis.

Its 6,000-square-foot suite includes evaluation rooms with one-way observational capacity and interview and conference rooms. Here, trained psychologists use standardized measures, such as the Autism Diagnostic Observation Schedule (ADOS), to evaluate developmental, cognitive, and behavioral functioning.

We also serve military families who have children with ASD, and operate multiple regional centers offering ABA therapy to all branches of the military — Army, Marines, Air Force, Navy, and Coast Guard.

Pediatric Specialty Services

Pediatric Specialty Center in Massachusetts — the Fernandes Center for Children & Families — works closely with families, primary and specialty care physicians, pediatricians, schools, and community agencies to provide and coordinate a continuum of high quality services. These include diagnosis, evaluation, treatment, and consultation. The Center is a joint partnership between May Institute and Saint Anne's Hospital.

Advanced Studies

May Center for Advanced Studies offers lifelong learning opportunities to May Institute employees. A wide array of educational programs, offered in conjunction with top colleges and universities, is designed to meet the needs of employees at every stage of their education and career — from those just beginning to work in the human services field, to those in pre- and post-doctoral programs, as well as senior-level staff attaining advanced licenses and credentials.

Applied Research and Peer Review

May Center for Applied Research and Peer Review directs, supervises, and coordinates research activities at May Institute. The Center also directs and supports comprehensive research activities within our educational and healthcare services. This Center supports an active agenda of publication in peer-reviewed journals as well as professional presentations at national and international conferences.

International Training and Support

May Center for International Training and Support is a newly developing Center launched by May Institute to respond to international demand for evaluation, training, mentoring, and treatment of autism spectrum disorders and other developmental disabilities.