Centerboard, Inc.

Financial Statements
June 30, 2014 and 2013

Romito, Tomasetti & Associates, P.C.
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Independent Auditor's Report

To the Board of Directors
Centerboard, Inc.

Report on the Financial Statements
We have audited the accompanying financial statements of Centerboard, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 from 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 financial statements referred to above present fairly, in all material respects, the financial position of Centerboard, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information
We have previously audited Centerboard, Inc.'s 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 13, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Romito, Tomasetti + Associates, P.C.

Woburn, Massachusetts
November 20, 2014

Centerboard, Inc.

Statements of Financial Position

June 30, 2014 and 2013

		2014	2013
Assets			
Current assets:			
Cash and cash equivalents (Note 2(g))	$	207,920	283,193
Accounts receivable (Notes 2(h) and 3)		571,855	717,812
Prepaid expenses		34,250	58,577
Total current assets		814,025	1,059,582
Property and equipment, net (Notes 2(i), 4 and 10)		2,229,102	615,997
Loan acquisition costs, net (Note 2(j))		30,841	-
Total assets	$	3,073,968	1,675,579
Liabilities and Net Assets			
Current liabilities:			
Current portion, long-term liabilities (Note 9)	$	78,188	7,745
Accounts payable		57,128	61,080
Accrued expenses (Note 5)		206,996	204,588
Total current liabilities		342,312	273,413
Long-term liabilities, less current portion (Note 9)		1,272,937	20,009
Total liabilities		1,615,249	293,422
Net assets (Notes 10 and 11):			
Unrestricted		951,150	881,975
Temporarily restricted		507,569	500,182
Total net assets		1,458,719	1,382,157
Commitments (Note 7)			
Total liabilities and net assets	$	3,073,968	1,675,579

See accompanying notes to financial statements.

Centerboard, Inc.

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2014

(with comparative totals for 2013)

	Unrestricted	Temporarily Restricted	Total 2014	Total 2013
Support and revenue:				
Cash contributions	$ 20,335	-	20,335	34,316
In-kind contributions	400	-	400	12,904
Grants	152,213	11,637	163,850	395,111
Program service fees	6,424,375	-	6,424,375	6,717,630
Interest income	300	-	300	502
Other income	6,878	-	6,878	11,299
Gain on disposal of property and equipment	5,035	-	5,035	
Net assets released from restriction	4,250	(4,250)	-	-
Total support and revenue	6,613,786	7,387	6,621,173	7,171,762
Expenses:				
Program services:				
Scattered Sites	2,368,922	-	2,368,922	2,078,993
STARR	1,315,643	-	1,315,643	1,356,144
Adolescent Group Home	348,902	-	348,902	732,186
Teen Living	580,658	-	580,658	566,778
Pre-Independent Living	479,310	-	479,310	559,091
Financial Stability Center	156,701	-	156,701	431,897
Program for Independent Living	241,803	-	241,803	285,540
Supported Teen Parent Employment	111,223	-	111,223	97,737
Andrew Street Housing	34,852	-	34,852	39,135
Broadway	-	-	-	17,462
ARTS	24,829	-	24,829	-
Total program services	5,662,843	-	5,662,843	6,164,963
Support services:				
General and administrative	881,768	-	881,768	889,231
Fundraising	-	-	-	30,346
Total expenses	6,544,611	-	6,544,611	7,084,540
Change in net assets	69,175	7,387	76,562	87,222
Net assets, beginning of year	881,975	500,182	1,382,157	1,294,935
Net assets, end of year	$ 951,150	507,569	1,458,719	1,382,157

See accompanying notes to financial statements.

Centerboard, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2014
(with comparative totals for 2013)

	Payroll and Related Expenses	Occupancy	Program/ Operating Expenses	Direct Administrative Expenses	Other Operating Expenses	Depreciation	Total 2014	Total 2013
Program services:								
Scattered Sites	$ 678,768	1,454,088	175,621	13,717	30,444	16,284	2,368,922	2,078,993
STARR	1,000,740	132,598	163,565	10,517	7,768	455	1,315,643	1,356,144
Adolescent Group Home	249,795	47,374	44,968	3,555	3,005	205	348,902	732,186
Teen Living	414,868	112,070	34,792	5,764	11,570	1,594	580,658	566,778
Pre-Independent Living	332,436	80,952	56,443	3,158	3,816	2,505	479,310	559,091
Financial Stability Center	107,251	24,417	8,056	10,711	2,643	3,623	156,701	431,897
Program for Independent Living	147,074	54,916	31,694	3,327	4,587	205	241,803	285,540
Supported Teen Parent Employment	79,859	14,222	10,795	2,674	3,605	68	111,223	97,737
Andrew Street Housing	29,365	2,171	916	300	2,100	-	34,852	39,135
Broadway	-	-	-	-	-	-	-	17,462
ARTS	428	823	16,947	4,242	2,389	-	24,829	-
Total program services	3,040,584	1,923,631	543,797	57,965	71,927	24,939	5,662,843	6,164,963
Support services:								
General and administrative	642,485	97,726	5,796	64,499	52,759	18,503	881,768	889,231
Fundraising	-	-	-	-	-	-	-	30,346
Total expenses	$ 3,683,069	2,021,357	549,593	122,464	124,686	43,442	6,544,611	7,084,540

See accompanying notes to financial statements.

Centerboard, Inc.

Statements of Cash Flows

For the Years Ended June 30, 2014 and 2013

		2014	2013
Cash flows from operating activities:			
Change in net assets	$	76,562	87,222
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation		43,442	30,083
Amortization		729	-
Gain on disposal of property and equipment		(5,035)	-
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable		145,957	(83,700)
(Increase) decrease in prepaid expenses		24,327	5,514
Increase (decrease) in accounts payable		(3,952)	(17,586)
Increase (decrease) in accrued expenses		2,408	(7,656)
Increase (decrease) in deferred revenue		-	(8,388)
Net cash provided by operating activities		284,438	5,489
Cash flows from investing activities:			
Purchases of property and equipment		(303,619)	(28,890)
Proceeds from disposal of property and equipment		19,036	-
Net cash used in investing activities		(284,583)	(28,890)
Cash flows from financing activities:			
Repayment of long-term debt		(43,558)	(7,525)
Loan acquisition costs		(31,570)	-
Net cash provided by (used in) financing activities		(75,128)	(7,525)
Net decrease in cash and cash equivalents		(75,273)	(30,926)
Cash and cash equivalents, beginning of year		283,193	314,119
Cash and cash equivalents, end of year	$	207,920	283,193
Supplemental Disclosures:			
Interest paid	$	13,459	924
Supplemental disclosures of noncash investing and financing activities:			
Financed purchases of land and buildings	$	1,342,500	-
Financed purchase of motor vehicle	$	24,429	-

See accompanying notes to financial statements.

(1) Organization

Centerboard, Inc. ("Centerboard" or "Organization") is a private non-profit corporation whose purpose is to revitalize the City of Lynn, Massachusetts as an urban center which supports the entire region with a vital creative economy and strong, safe and stable housing, jobs and schools.

The various programs include:

Scattered Sites Family Emergency Shelter
The Scattered Sites Family Emergency Shelter (SSFES) consists of seventy-seven apartments in various locations throughout the city of Lynn. The apartments are managed by private property owners and Centerboard. SSFES case management staff provides comprehensive services to homeless families. Families referred to the SSFES program by the Massachusetts Division of Housing and Community Development are screened for placement in an effort to target families who are motivated and have the ability to live independently.

STARR
The STARR program provides a group home for males and females (ages 12-18). This program is designed to integrate children and families back into the community with the necessary supports in place to gain independence. This program requires a solid diagnostic/assessment clinical team to ensure that proper services are offered to the families and children being served.

Adolescent Group Home
This group home program provided residential treatment for 12 youths (ages 13-18) who were under the care of the Department of Children and Families. This program provided long term care from three months up to two years. Youths in this program had an array of concerns such as: difficulties in school, issues at home, behavioral issues, and mental health issues. Youths had their medical and mental health needs addressed within the program by a team of professionals. Family members were encouraged to participate in the program whenever possible. This program was terminated effective December 31, 2013.

Teen Living Program
The Teen Living Program (TLP) is a residential program designed to provide a permanent and stable home environment for eleven pregnant or parenting young mothers and their children. In an emergency situation the program may temporarily accommodate three additional teen mothers and their children until permanent homes are found.

Teen parents must be referred to Centerboard by the Massachusetts Department of Children and Families. Every teen mother must attend school regularly and participate in skill development. This structured curriculum is balanced with a nurturing support system designed to foster physical and social development for the residents and their children.

Pre-Independent Living Program (Pre-ILP)
The Pre-ILP program was developed at the joint request of the Department of Children and Families (DCF) and Lutheran Social Service, Inc. (LSS). LSS has an agreement with DCF

(1) **Organization** (Continued)

Pre-Independent Living Program (Pre-ILP) (Continued)
and the Federal Government to provide homes for youths who have entered the United States without families. LSS currently provides services to over 120 individuals, and the number is growing. Centerboard has agreed to accommodate up to 10 individuals. The program is designed to provide a structured home for these individuals. The staffing ratio is 5 clients to 1 staff member, and youths are allowed to come and go independently but must obey house rules and be a part of the household. Individuals must either be working, in job training, or in school. Meals are provided on a daily basis, and a weekly allowance is supplied.

Financial Stability Center
The United Way Financial Stability Center, powered by Centerboard, helps working families and low-income residents move toward greater economic stability, higher earnings and home ownership. The Financial Stability Center has developed a campaign which has two elements as the platforms to assist families obtain financial independence: Volunteer Income Tax Assistance (VITA) sites and Prosperity Centers. The United Way has ceased funding the Center and the program was terminated on October 4, 2013.

Program for Independent Living
The Program for Independent Living allows young men and women the opportunity to live independently in their own apartment but with supervision. Each resident works toward gaining their high school diploma or GED or pursuing further education while gaining the necessary skills to live independently. The residents pay 30% of their income towards rent and an additional 10% into a savings plan. Upon graduation, the resident will receive their savings money to use towards housing, school, etc.

Supported Teen Parent Employment Program
The Supported Teen Parent Employment Program (STEP) is a six to nine month, apartment model, teen living program (TLP). Eligible teen mothers must already be placed in a TLP, have achieved their service plan goals, be age 18 or older, and have a GED or high school diploma. Residents are required to attend twenty hours of group meetings per month including, but not limited to, parenting and house meetings. Because residents will reside in an individual apartment, teens must be able to follow rules, be self-motivated, and have strong parenting skills. STEP strives to foster self-sufficiency through education and employment while promoting personal growth, and ensuring the safety of each resident and her children. STEP residents work with a case manager to perform an extensive housing search. The program is not staffed twenty-four hours a day; however, staff is on-call.

Andrew Street Housing
The Andrew Street Housing program provides case management services to individuals living in efficiency housing (personal kitchenette and bath) located in a rooming house. Four of the ten units are handicapped accessible. Residents of the program must be homeless and have a disability. Residents are required to pay 30% of their income towards rent while the remaining portion is subsidized by the Lynn Housing Authority through federal funds.

(1) **Organization** (Continued)

Broadway
The Broadway Program consists of two single family homes donated to Centerboard in May, 2008. One home was put into service during 2009 and was being used for low income housing. The property is currently being used as a component of the Scattered Sites program. (See Note 10).

Public Arts Projects
The Public Arts Projects focus on improving downtown Lynn neighborhoods and providing residents with a colorful landscape. This initiative is designed to showcase local, regional and national artists and making interesting, quality art available for everyone to enjoy.

(2) **Summary of Significant Accounting Policies**

(a) Method of Accounting
The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America pursuant to the accrual basis method of accounting. Under this method of accounting, revenues and expenses are identified with specific periods of time and are recorded as earned or incurred without regard to the date of receipt or disbursement of cash.

(b) Contributions
Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions include cash, materials, property and equipment and services. Contributed services are recorded at fair value and include services which create or enhance non-financial assets or require specialized skills which would typically need to be purchased by Centerboard, if not donated.

(c) Estimates and Assumptions
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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) Functional Allocation of Expenses
Expenses are allocated among program and supporting services directly or on the basis of time records and utilization estimates made by management. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

(2) **Summary of Significant Accounting Policies** (Continued)

(e) Government Service Fees
Centerboard derives approximately 97% of its revenue from contracts with the Commonwealth of Massachusetts and other local government units. Revenue from certain contracts is recognized when expenditures for allowable goods and services are incurred. These contracts are subject to audit by the funding entity and such audits could result in claims against Centerboard for disallowed costs or noncompliance with restrictions. No provision has been made for any liabilities that may arise from such audits since management believes that it has complied with all contract terms and conditions.

(f) In-kind Contributions of Property and Services
Centerboard records the value of donated goods or services when there is an objective basis available to measure their value. Donated goods and services are presented as in-kind contributions and services in the accompanying financial statements. Donated property such as food, clothing, and furniture are recorded at their estimated values at date of receipt. Donated services are valued at the comparable compensation which would be paid to an individual in such paid positions.

(g) Cash and Cash Equivalents
Centerboard considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(h) Accounts Receivable
Accounts receivable are stated at the amount the Organization expects to collect from balances outstanding at year-end. The Organization closely monitors outstanding balances and writes off, as of year-end, all balances that are not expected to be collected. Accordingly, an allowance for doubtful accounts was not necessary as of June 30, 2014 and 2013.

(i) Property, Equipment and Depreciation
The Organization capitalizes all property and equipment with a value of more than \$3,500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Upon retirement or sale, the asset cost and related accumulated depreciation are removed from the accounts and any gain or loss is credited to, or charged against, income. Depreciation is computed using the straight-line method over estimated useful lives as follows:

Category	Estimated Life
Buildings	20 – 40 years
Motor vehicles	3 - 5 years
Furniture and equipment	5 - 7 years

(2) **Summary of Significant Accounting Policies** (Continued)

(j) Loan Acquisition Costs, Net

Loan acquisition costs include legal fees, organization fees and related costs incurred to obtain long-term financing for the purchase of land and buildings. Such costs are being amortized ratably over the repayment terms of the underlying mortgage loans. $26,364 is being amortized over 10 years and $5,206 is being amortized over 2 years beginning April, 2014.

(k) Long-Lived Assets

The Organization reviews the carrying value of its long lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. Any long-lived assets held for disposal are reported at the lower of their carrying amount or fair values less costs to sell. Centerboard has determined that no impairment has taken place at June 30, 2014.

(l) Tax Status and Income Taxes

Centerboard was incorporated under the provisions of Chapter 180 of the General Laws of the Commonwealth of Massachusetts. The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. However, the Organization is subject to tax on any unrelated business income. During the years ended June 30, 2014 and 2013, the Organization did not have any unrelated business taxable income and, accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

Accounting principles generally accepted in the United States of America require that a tax position be recognized or derecognized based on a more than likely or not threshold. This applies to tax positions taken or expected to be taken on a tax return. The Organization regularly assesses the potential settlement outcomes resulting from income tax examinations. The Organization does not believe that there are any uncertain tax positions that require recognition in its financial statements. As of the date of this report, the statute of limitations for examination by the Federal and Massachusetts taxing authorities is open for the Organization's 2010 through 2013 tax returns (representing the fiscal years ended June 30, 2011 through 2014).

(m) Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

(3) **Accounts Receivable**

Accounts receivable consist of the following:

	2014	2013
Program services	$ 569,453	717,693
Materials and supplies returned	2,308	-
Employee advance	94	119
	$ 571,855	717,812

(4) **Property and Equipment**

Property and equipment consist of the following:

	2014	2013
Land	$ 659,710	361,400
Buildings and improvements	1,517,923	180,450
Motor vehicles	90,403	100,582
Furniture and equipment	103,802	93,466
	2,371,838	735,898
Accumulated depreciation and amortization	(142,736)	(119,901)
Net property and equipment	$ 2,229,102	615,997

Depreciation expense was $43,442 and $30,083 for the years ended June 30, 2014 and 2013.

(5) **Accrued Expenses**

Accrued expenses consist of the following:

	2014	2013
Payroll and payroll taxes	$ 68,064	80,559
Audit and tax services	28,000	27,750
Vacation	49,612	59,879
Client and contract pass-throughs	25,579	22,039
Interest	896	-
Other expenses	34,845	14,361
	$ 206,996	204,588

(6) **Retirement Plan**

Centerboard adopted a 403(b) tax sheltered annuity plan effective January 1, 2014. Employees must normally work more than 20 hours per week to participate in this plan. Under the Plan, eligible employees may elect to defer a percentage or their salary, subject to certain limitations imposed by the Internal Revenue Code ("IRC"). Centerboard matches up to a maximum of 3% of qualifying participant salary. Previously, Centerboard offered a Savings Incentive Match Plan for Employees (the "SIMPLE") under Section 408(p) of the IRC. Matching contributions for these plans were $29,074 and $29,181 for the years ended June 30, 2014 and 2013, respectively.

(7) Leasing Arrangements

Centerboard leases numerous residential apartments in the City of Lynn under one year lease agreements with options to renew for up to three further terms of one year each. These units house families in the Scattered Sites Family Emergency Shelter program. Rent incurred for these facilities during 2014 and 2013 aggregated approximately $1,119,000 and 1,095,000, respectively.

Centerboard also leases several buildings with residential units used in the Teen Living, Adolescent Group Home, Independent Living, STARR and Pre-Independent Living Programs under various one-year lease agreements, which all expired June 30, 2014. Rent incurred for these locations totaled approximately $290,000 and $360,000 for the years ended June 30, 2014 and 2013, respectively. Rent expense for these buildings is anticipated to be approximately $310,000 and $78,000 for the years ending June 30, 2015 and 2016, respectively.

In June, 2012, Centerboard moved their administrative offices to 16 City Hall Square, Lynn, MA, under an agreement with an initial three year lease term expiring on May 31, 2015. The lease required rental payments pursuant to a predetermined fixed annual escalation schedule. The Organization was also responsible for real estate taxes and insurance. Centerboard purchased the building in April, 2014. Total rent and related costs paid in 2014 and 2013 amounted to $135,738 and $164,275, respectively.

Centerboard leases certain equipment under non-cancelable operating leases. Total rent expense for the years ended June 30, 2014 and 2013 totaled $13,964 and $3,690, respectively, and is included in program/operating expenses on the Statement of Functional Expenses.

Future minimum lease payments under these leases are as follows:

Fiscal Year Ending	Real Estate	Equipment	Total
2015	$ 1,429,000	14,898	1,443,898
2016	78,000	13,847	91,847
2017	-	11,365	11,365
2018	-	11,208	11,208
2019	-	934	934
	$ 1,507,000	52,252	1,559,252

(8) Related Party Transactions

Centerboard has entered into several rental contracts with Affordable Housing Associates of Lynn, Inc. ("AHA"), a non-profit organization related to Centerboard by common management, in connection with the Scattered Sites Family Emergency Shelter program (see Note 8). Rents paid by Centerboard to AHA were approximately $472,000 and $621,000 for the years ended June 30, 2014 and 2013, respectively. All rents are established at market values.

(8) **Related Party Transactions** (Continued)

Centerboard and AHA have combined efforts in a number of programs and have used their expertise to apply for grants under joint venture agreements and/or memorandums of understanding. Centerboard's Board of Directors has voted to investigate further collaborative and/or other types of alignment, which would benefit both organizations.

Centerboard bills AHA for repairs and maintenance costs incurred by Centerboard in connection with properties owned by AHA and used by Centerboard in its Scattered Sites Program. AHA was indebted to Centerboard for $141 as of June 30, 2014.

During 2012, Centerboard began renting apartments from an LLC that is partially owned by a Board Member. Management believes that rent is being paid at fair market value, is consistent with amounts paid for similar apartments, and is in the normal course of business of the Organization. Rental payments to this LLC totaled $67,900 and $65,400 for the fiscal years ended June 30, 2014 and 2013, respectively.

During 2014, Centerboard began renting an apartment owned by an LLC which is partially owned by Centerboard's executive director. Rent totaling $5,400 was paid for the use of this property during the fiscal year ended June 30, 2014.

The children of various staff members participate in the Summer Jobs Program sponsored by the United Way. Participants in that program are all paid the same hourly rate ($8.25) and work for 30 hours a week for 6 weeks.

(9) **Long-Term Liabilities**

The following is a summary of long-term liabilities at June 30, 2014 and 2013:

	2014	2013
Mortgage note payable to Massachusetts Development Finance Agency, due in monthly installments of $5,935, including interest at 4%, beginning November 1, 2014, through March, 2024, when a balloon payment of approximately $825,000 will be due; secured by land and building	$ 1,011,938	-
Mortgage note payable to seller, due in monthly installments of $1,423, including interest at 5%, beginning July, 2014, through January, 2015, when a balloon payment of approximately $167,450 will be due; secured by land and building	180,000	-
Note payable to bank, due in monthly installments of $4,477, including interest at 5%, through April, 2017; secured by land and building	137,823	-

(9) **Long-Term Liabilities** (Continued)

	2014	2013
Note payable to bank, due in monthly installments of $497, including interest at 8.13%, through September, 2018; secured by a motor vehicle	21,364	-
Note payable to bank, due in monthly installments of $419, including interest at 2.9%, through February, 2017; secured by a motor vehicle	-	17,430
Note payable to bank, due in monthly installments of $285, including interest at 2.9%, through August, 2016; secured by a motor vehicle	-	10,324
Long-term liabilities	1,351,125	27,754
Less current portion of long-term liabilities	78,188	7,745
Long term liabilities, net of current installments	$ 1,272,937	20,009

Interest expense totaled $14,355 and $905 for the years ended June 30, 2014 and 2013, respectively.

Aggregate annual maturities of the long-term liabilities (exclusive of repayment of surplus revenue retention, if any) are as follows:

Year	Amount
2015	$ 78,188
2016	254,250
2017	73,411
2018	35,328
2019	32,417
Thereafter	877,531
	$1,351,125

(10) **Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purpose:

	2014	2013
Land and building to be used in the Organization's charitable purpose	$ 492,565	493,058
Public Arts Project	9,158	5,000
Clothing and birthday expense allowances	846	2,124
Summer Block Party	5,000	-
	$ 507,569	500,182

(10) Temporarily Restricted Net Assets (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, as follows:

	2014	2013
Depreciation on donated buildings	$ 493	493
Public Arts projects	2,480	-
Clothing for housing clients	1,277	-
Youth Venture activities	-	364
	$ 4,250	857

During May 2008, the Organization received a donation of land and buildings located at 148 and 150 Broadway, Saugus, MA, subject to a "Quitclaim Deed With Reversion." The properties have been recorded at their estimated fair market values at the date of donation. The grantors have retained a life estate interest to use and occupy the premises during their lifetime. When each property is put into service by the Organization, the temporary restriction will be moved to the unrestricted classification in an amount equal to the annual depreciation expense recorded. Previously, only the 150 Broadway location was being used but it was temporarily taken out of service in March, 2013. In January, 2014, the property was used for Centerboard's Scattered Sites program.

During 2012, the Organization became aware that the heirs of the grantors were contesting the validity of the donation. The parties have negotiated a settlement and are currently awaiting judicial approval to sell the properties and split the proceeds. Pending approval, no adjustment has been made to the carrying values of the property. In management's opinion, the Organization still holds valid title to the properties and should a negative outcome occur due to future legal proceedings or negotiations, such outcome would not have a material effect upon the financial position of the Organization.

(11) Net Assets and Surplus Revenue Retention

A Not-For-Profit Provider is allowed to retain an annual net surplus of up to 5% of gross revenues derived from delivering services to clients of the Commonwealth of Massachusetts, beginning with the fiscal year ended June 30, 1993. The cumulative amount retained may not exceed 20% of the prior year's gross revenues from the Commonwealth of Massachusetts purchasing agencies, and must be segregated as surplus revenue retention net assets. A current year surplus which exceeds the 5% level or a cumulative surplus exceeding the 20% amount may be reinvested in program services as stipulated by the purchasing agencies, recouped, or used by the Commonwealth to reduce the price of future contracts.

(11) Net Assets and Surplus Revenue Retention (Continued)

The total surplus revenue for 2014 and 2013 was $104,207 and 191,825; (1.63% and 3.24% of the total current year Commonwealth revenue, respectively). The cumulative surplus revenue for 2014 and 2013 was $1,241,092 and $1,128,011, respectively, as follows:

Surplus revenue retention, June 30, 2013	$ 1,128,011
Plus current year surplus	104,207
Surplus revenue retention, June 30, 2014	$ 1,232,218

The surplus revenue retention exceeds the 20% cumulative retention limit as of June 30, 2014 by approximately $49,300. Centerboard has requested a waiver from the Commonwealth of Massachusetts of this specific provision of the surplus revenue retention regulation for the fiscal year ended June 30, 2014. No amounts have been recorded as a current liability as of June 30, 2014, as Centerboard expects to receive this waiver.

(12) Concentrations of Credit Risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and temporary cash investments and trade accounts receivable. The Organization places its cash and temporary cash investments with high credit quality financial institutions. At times, however, such investments may be in excess of the federally insured (Federal Deposit Insurance Corporation) limit of $250,000. The Organization routinely assesses the financial strength of its customers and as a consequence, believes that its trade accounts receivable credit risk exposure is limited.

(13) Subsequent Events

Management has evaluated subsequent events through November 20, 2014, the date on which the financial statements were available to be issued. Management has determined that no material subsequent events have occurred since June 30, 2014, that required recognition or disclosure in these financial statements.