ANSTISS | CERTIFIED PUBLIC ACCOUNTANTS

United Teen Equality Center, Inc.

Consolidated Financial Statements

June 30, 2013 and 2012

AUDIT, TAX & ADVISORY SERVICES
SINCE 1964

United Teen Equality Center, Inc.
Consolidated Financial Statements
June 30, 2013

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Independent Auditor's Report

To the Board of Directors of
United Teen Equality Center, Inc.

We have audited the accompanying consolidated financial statements of United Teen Equality Center, Inc. (a nonprofit organization) and its affiliate, which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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.

Audit
Tax
Advisory Services

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Teen Equality Center, Inc. and its affiliate as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Anstiss & Co., P.C.

Anstiss & Co., P.C.
Lowell, MA
June 19, 2014

United Teen Equality Center, Inc.
Consolidated Statements of Financial Position
June 30, 2013 and 2012

	2013	2012
Assets		
Current assets		
Cash and cash equivalents	$ 852,106	1,552,080
Accounts receivable - net	240,051	368,622
Accounts receivable - building	-	539,208
Contributions receivable	195,000	-
Prepaid expenses and other	29,135	5,633
Total current assets	1,316,292	2,465,543
Property and equipment - net	8,955,653	8,377,883
Note receivable - UTEC Investment Fund, LLC	7,737,814	7,632,291
Total assets	$ 18,009,759	$ 18,475,717
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 224,268	$ 175,657
Accrued expenses	106,210	157,857
Line of credit	416,494	422,464
Deferred revenue	3,889	-
Total current liabilities	750,861	755,978
Long-term debt	10,763,000	12,066,873
Total liabilities	11,513,861	12,822,851
Net assets		
Unrestricted	5,685,165	5,323,113
Temporarily restricted	810,733	329,753
Total net assets	6,495,898	5,652,866
Total liabilities and net assets	$ 18,009,759	$ 18,475,717

United Teen Equality Center, Inc.
Consolidated Statements of Activities
For the Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
Operating support and revenues			
Grants and contributions	$ 282,960	$ 919,880	$ 1,202,840
Contract revenue	1,566,735	250,000	1,816,735
Other income	68,037	-	68,037
Special events	44,885	-	44,885
In-kind contributions	34,350	-	34,350
Interest income	150,086	-	150,086
Net assets released from restrictions	688,900	(688,900)	-
Total support and revenues	2,835,953	480,980	3,316,933
Operating expenses			
Programs	1,884,833	-	1,884,833
General and administrative	904,423	-	904,423
Fundraising	179,645	-	179,645
Total expenses	2,968,901	-	2,968,901
Changes in net assets from operations	(132,948)	480,980	348,032
Non-operating support and revenues			
Gain on sale of tax credits	495,000	-	495,000
Change in net assets	362,052	480,980	843,032
Net assets - beginning of year	5,323,113	329,753	5,652,866
Net assets - end of year	$ 5,685,165	$ 810,733	$ 6,495,898

The accompanying notes are an integral part of these consolidated financial statements.

United Teen Equality Center, Inc.
Consolidated Statements of Activities
For the Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
Operating support and revenues			
Grants and contributions	$ 359,318	$ 544,621	$ 903,939
Contract revenue	1,136,899	-	1,136,899
Other income	27,039	-	27,039
Special events	59,344	-	59,344
In-kind contributions	510,200	-	510,200
Interest income	63,788	-	63,788
Net assets released from restrictions	1,760,470	(1,760,470)	-
Total support and revenues	3,917,058	(1,215,849)	2,701,209
Operating expenses			
Programs	1,568,222	-	1,568,222
General and administrative	441,511	-	441,511
Fundraising	123,984	-	123,984
Total expenses	2,133,717	-	2,133,717
Changes in net assets from operations	1,783,341	(1,215,849)	567,492
Non-operating support and revenues			
Grants and contributions - building	1,750,430	425,000	2,175,430
Change in net assets	3,533,771	(790,849)	2,742,922
Net assets - beginning of year	1,789,342	1,120,602	2,909,944
Net assets - end of year	$ 5,323,113	$ 329,753	$ 5,652,866

The accompanying notes are an integral part of these consolidated financial statements.

United Teen Equality Center, Inc.
Consolidated Statements of Functional Expenses
For the Years Ended June 30, 2013 and 2012

	Programs	General and Administrative	Fundraising	2013 Total
Salaries, wages, taxes and benefits	$ 1,488,982	$ 268,143	$ 110,691	$ 1,867,816
Consultants	57,892	101,024	8,597	167,513
Other expenses	90,024	198,341	57,831	346,196
Supplies	91,237	28,322	1,559	121,118
Depreciation	54,920	188,664	478	244,062
Occupancy	101,778	1,359	489	103,626
Interest expense	-	118,570	-	118,570
Total expenses	$ 1,884,833	$ 904,423	$ 179,645	$ 2,968,901

	Programs	General and Administrative	Fundraising	2012 Total
Salaries, wages, taxes and benefits	$ 1,245,030	$ 207,183	$ 109,403	$ 1,561,616
Consultants	69,547	30,262	3,168	102,977
Other expenses	78,833	78,901	10,648	168,382
Supplies	60,356	20,155	408	80,919
Depreciation	39,770	24,247	357	64,374
Occupancy	74,686	2,339	-	77,025
Interest expense	-	78,424	-	78,424
Total expenses	$ 1,568,222	$ 441,511	$ 123,984	$ 2,133,717

United Teen Equality Center, Inc.
Consolidated Statements of Cash Flows
June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities		
Change in net assets	$ 843,032	$ 2,742,922
Adjustments to reconcile change in net assets to net cash provided by operating activities		
In-kind contribution of property	(10,000)	(510,200)
Depreciation	244,062	64,374
Interest income added to note receivable - UTEC Investment Fund, LLC	(105,523)	(41,111)
Increase in accounts receivable	128,571	(231,085)
Decrease (increase) in accounts receivable - building	539,208	(539,208)
Increase in contributions receivable	(195,000)	-
(Increase) decrease in prepaid expenses	(23,502)	19,870
Increase in accounts payable	48,611	62,418
Decrease in accrued expenses	(51,647)	(87,153)
Increase (decrease) in deferred revenue	3,889	(201,063)
Net cash provided by operating activities	1,421,701	1,279,764
Cash flows from investing activities		
Purchase of certificates of deposit	-	(318)
Redemption of certificates of deposit	-	511,859
Loan proceeds to UTEC Investment Fund, LLC	-	(7,591,180)
Acquisition of property and equipment	(811,832)	(5,783,475)
Net cash used by investing activities	(811,832)	(12,863,114)
Cash flows from financing activities		
Proceeds from line of credit	-	272,964
Payments on line of credit	(5,970)	-
Proceeds from long-term debt	-	12,066,873
Payments on long-term debt	(1,303,873)	-
Net cash (used) provided by financing activities	(1,309,843)	12,339,837
Net (Decrease) Increase Cash and Cash Equivalents	(699,974)	756,487
Cash and Cash Equivalents at Beginning of Year	1,552,080	795,593
Cash and Cash Equivalents at End of Year	$ 852,106	$ 1,552,080
Supplemental information		
Cash paid during the year for		
Interest	$ 170,523	$ 155,562
Income taxes	$ -	$ -

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 – Nature of Operations

United Teen Equality Center, Inc. ("UTEC") was established in 1999 to be a "by teens, for teens" safehaven for youth development and grassroots organizing. UTEC provides a safe and multicultural place of belonging emphasizing the holistic development of Lowell's young people, ages 13-20, particularly those most often overlooked and labeled as "at-risk." UTEC reaches out to these young people through intensive street outreach, builds upon their unique strengths within a youth development framework, and creates opportunities to best support them in becoming agents of social change and organizers in the community.

In order to serve more high-risk youth, UTEC recently completed a fundraising campaign to renovate their existing 12,500 square foot building, and also build a new 8,000 square foot building addition. The facility includes resources such as a café, multimedia lab, dance studio, additional classrooms, renovated kitchen, and a multipurpose performance and conference space. Such added capacity will enable UTEC to expand their workforce development programming and integrated educational programming. Similarly, UTEC has expanded staffing capacity to best support the increased numbers served.

Note 2 – Summary of Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of UTEC and its affiliate, Hurren Street, Inc. (collectively the "Organization"), which is controlled by UTEC. Inter-organization transactions and balances have been eliminated in consolidation.

Tax Credit Financing

Hurren Street, Inc. ("Hurren Street") was formed to own and develop the building at 34 Hurd Street in Lowell, MA for the purpose of leasing such property to UTEC. The building was renovated in a manner that makes the renovation qualify for Massachusetts Historic Rehabilitation Tax Credits. The renovation is expected to generate approximately $10,400,000 of qualified rehabilitation expenditures, which will yield approximately $4,056,000 of Massachusetts Historic Rehabilitation Tax Credits to be sold to finance a portion of the renovation. The note receivable from UTEC Investment Fund, LLC (Note 5) and notes payable to Al Wainwright CommuniFund F, LLC (Note 7) are related to this renovation project. During the year ended June 30, 2013, the Organization received an allocation of $550,000 in credits, which were sold for $495,000 net of selling costs. There were no allocations of tax credits received during the year ended June 30, 2012.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Under the accrual method, income and expenses are recognized when earned or accrued. The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 2 – Summary of Accounting Policies (continued)

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification ("ASC") 958-205, "*Presentation of Financial Statements*." Under ASC 958-205, the Organization 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. In addition, the Organization is required to present a statement of cash flows.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the Organization's bank accounts and certificates of deposit with maturities of three months or less.

Concentration of Credit Risk

The Organization places its cash investments with high quality financial institutions. Such investments are covered by Federal Deposit Insurance Commission (FDIC) insurance and by state level insurance for balances in excess of FDIC limits. Management routinely assesses the financial strength of the institutions in order to minimize risk. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant financial risk on cash.

Fair Value of Financial Instruments

UTEC follows the provisions of ASC 820-10, "*Fair Value Measurements and Disclosures.*" ASC 820-10 applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. ASC 820-10 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

For instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Note 2 – Summary of Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

ASC 825-10, "*Financial Instruments,*" permits an entity to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis.

Accounts Receivable

Revenue is accounted for at established rates on the accrual basis, less allowance for contractual, charitable and other arrangements for services provided at less than established rates. The Organization's policy is to not accrue interest on trade receivables. The Organization records its accounts receivable at the outstanding principal amount less an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts based on the history of past write-offs, collections and current credit conditions. As of June 30, 2013, the allowance for doubtful accounts was $10,340. There was no allowance for doubtful accounts as of June 30, 2012.

Property and Equipment

The Organization capitalizes major purchases of fixed assets, which are not in the nature of replacements or repairs. Minor equipment purchases, replacements, maintenance, and repairs are charged to expense as incurred.

Capitalized assets are recorded at cost if purchased or constructed, or at fair market value at the date of the gift, if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Buildings and renovations	39
Furniture	7
Equipment	5
Vehicles	5

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by comparison to the future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the asset exceeds the estimated fair value. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Note 2 – Summary of Accounting Policies (continued)

Classification of Net Assets

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

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

Temporarily Restricted Net Assets
Temporarily restricted net assets consist of net assets subject to donor imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Total temporarily restricted net assets were $880,202 and $329,753 as of June 30, 2013 and 2012, respectively.

Permanently Restricted Net Assets
Permanently restricted net assets consist of net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of June 30, 2013 and 2012, the Organization had no permanently restricted net assets.

The Organization follows ASC 958-605, "*Revenue Recognition.*" In accordance with ASC 958-605, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Revenue Recognition

Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets.

In-Kind Contributions

The Organization receives services from volunteers in various aspects of its operations. None of these services were recognized as revenue in accordance with ASC 958-605, "*Revenue Recognition.*"

Expense Allocation

Expenses are allocated among program and supporting services directly based or based on time records and utilization estimates made by management. Management and General expense includes those expenses that are not directly identifiable with any other specific function, but provide for overall support and direction of the Organization.

Note 2 – Summary of Accounting Policies (continued)

Income Taxes and Uncertain Tax Positions

UTEC and Hurren Street, Inc. have been granted tax-exempt status under Internal Revenue Code Section 501(c)(3) and are, therefore, generally exempt from federal and state income taxes. Accordingly, no provision for income taxes has been provided for in the accompanying financial statements.

ASC 740-10, "*Income Taxes*" requires the Organization to evaluate and disclose tax positions that could have an effect on the Organization's financial statements. The Organization reports its activities to the Internal Revenue Service and to the Commonwealth of Massachusetts on an annual basis. These informational returns are generally subject to audit and review by the governmental agencies for a period of three years after filing. Substantially all of the Organization's income, expenditures and activities relate to its exempt purpose, therefore, management has determined that the Organization is not subject to unrelated business income taxes and will continue to qualify as tax-exempt not-for-profit entities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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.

Note 3 – Contributions Receivable

The following are contributions receivable as of June 30, 2013 and 2012:

	2013	2012
Receivable in less than one year	$ 195,000	$ -
Receivable in one to five years	-	-
Receivable in more than five years	-	-
Net promises to give	$ 195,000	$ -

There is no allowance for uncollectable contributions receivable as of June 30, 2013 and 2012.

Note 4 – Property and Equipment
Fixed assets consisted of the following as of June 30, 2013 and 2012:

	2013	2012
Land	$ 189,074	$ 189,074
Buildings and improvements	8,925,266	680,076
Equipment	233,301	196,338
Vehicles	69,906	48,238
Furniture and fixtures	29,514	24,514
Construction in progress	-	7,486,990
Total property and equipment	9,447,061	8,625,230
Less: accumulated depreciation	(491,408)	(247,347)
Total property and equipment - net	$ 8,955,653	$ 8,377,883

Depreciation expense relating to property and equipment for the years ended June 30, 2013 and 2012 was $244,062 and $64,374, respectively.

Note 5 – Note Receivable - UTEC Investment Fund, LLC
In October 2011, UTEC entered into a note agreement with UTEC Investment Fund, LLC ("The Fund"), an unrelated entity, as part of the New Markets Tax Credit leverage financing structure for Hurren Street. The Fund used the loan proceeds to make an equity investment in Al Wainwright CommuniFund F, LLC ("The CDE") in exchange for a 99.99% membership interest in the CDE. The CDE used the proceeds from this investment to fund a portion of the loans made to Hurren Street (Note 7). The note is secured by a continuing first priority security interest in the Fund's interest in the CDE.

The note has an original principal amount of $7,591,180, with an annual interest rate of 1.60%, and is secured by a continuing first priority security interest in the Fund's interest in the CDE. Payments due under the note receivable are as follows:

> Beginning January 2012 through October 2018, quarterly payments of accrued interest on the outstanding principal balance will be due at an interest rate of .50%, with all accrued interest not payable added to the outstanding principal balance.
>
> Beginning January 2019 through maturity in October 2051, quarterly payments of principal and interest will be due in the amount of $320,216.

As of June 30, 2013 and 2012, accrued interest in the amount of $146,634 and $41,111 has been added to the balance of the note receivable, respectively.

Note 6 – Line of Credit
The Organization has a $450,000 line of credit at TD Banknorth. The interest rate applied to the outstanding principal balance is 2.0% above the prime rate (5.25% at June 30, 2013 and 2012). The line is collateralized by substantially all of the Organization’s assets. As of June 30, 2013 and 2012, the outstanding balance on the line was $416,494 and $422,464, respectively.

Note 7 – Notes Payable

	2013	2012
Notes payable to Al Wainwright CommuniFund F, LLC in the original principal amounts of $6,916,180, $2,496,820, $425,000, and $250,000. The notes provide for quarterly payments of accrued interest, an interest rate of 1.03%, and mature in October 2051. The notes are secured by the property and other assets of the Organization.	$ 10,088,000	$ 10,088,000
Note payable to Massachusetts Development Finance Agency in the original amount of $425,000. The note provides for monthly payments of accrued interest, an interest rate of 2.00%, and matures in October 2026. The note is secured by the property and other assets of the Organization.	425,000	425,000
Note payable to Lowell Development and Financial Corporation in the original amount of $250,000. The note provides for monthly payments of accrued interest, an interest rate of 3.00%, and matures in October 2018. The note is secured by the property and other assets of the Organization.	250,000	250,000
Note payable to Eastern Bank in the original principal amount of up to $2,864,032. The note provided for monthly payments of accrued interest and was paid off in May 2013. Interest was calculated utilizing the two year Classic Advance Rate plus 275 basis points with a floor of 3.5% (3.56% at June 30, 2013). The note was secured by the property and other assets of the Organization.	-	1,303,873
Total notes payable	$ 10,763,000	$ 12,066,873

The future minimum payments on notes payable at June 30th are as follows:

2014	$ -
2015	-
2016	-
2017	-
2018	-
Thereafter	10,763,000
Total	$ 10,763,000

Note 7 – Notes Payable (continued)
In connection with Hurren Street, Inc.'s note agreements with Al Wainwright CommuniFund F, LLC, UTEC entered into a put and call agreement with U.S. Bancorp Community Development Corporation, who is the sole member of UTEC Investment Fund, LLC, who has made a qualified equity investment in Al Wainwright CommuniFund F, LLC.

Under the terms of the agreement, UTEC (the "Purchaser") granted U.S. Bancorp Community Development Corporation (the "Investor") the option (to "Put") to sell the their interest in UTEC Investment Fund, LLC to UTEC at any time during the period beginning at the end of the Tax Credit Investment Period and ending six months after the investor receives notice from the Purchaser (after the end of the Tax Credit Investment Period) that the Investor may exercise its option (the “Put Option Period”). If, at any time during the Put Option Period, the Investor elects to sell its interest, it shall give the Purchaser notice of such election (an “Election Notice”). Within thirty days after delivery to the Purchaser of an Election Notice from the Investor, the Purchaser or its assignee shall pay to the Investor a purchase price in an amount equal to $1,000.

In the event that the Investor does not deliver an Election Notice to the Purchaser during the Put Option Period, the Purchaser shall have the right and option (the “Call”), at any time during the six month period following the Put Option Period (the “Call Option Period”) to purchase the interest in UTEC Investment Fund, LLC for an amount (the “Call Price”) equal to the fair market value of the interest, as determined by mutual agreement among the parties, or if there is no such agreement, then by a qualified independent appraiser.

Once UTEC obtains U.S. Bancorp Community Development Corporation's interest in UTEC Investment Fund, LLC, UTEC will be in a position to forgive the debt that is owed by Hurren Street, Inc.

Note 8 – Temporarily Restricted Net Assets
Temporarily restricted net assets are available for the following purpose:

	2013	2012
To support UTEC’s youth programming	$ 810,733	$ 329,753
Total temporarily restricted net assets	$ 810,733	$ 329,753

Note 9 – Contract Revenue
The Organization receives funding from various contracts to assist in administrating its programs. These contracts are subject to possible audit by the appropriate agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Organization as of June 30, 2013 or on the change in its net assets for the year then ended.

Note 10 – In-Kind Contributions

During the year ended June 30, 2013, the Organization received in-kind contributions of personal property and services from several organizations and individuals. The estimated fair values have been recorded as in-kind contributions and equal amounts have been recorded as expenses. During the year ended June 30, 2013, the amount recorded for in-kind contributions was $34,350. No in-kind contributions of personal property and services were received during the year ended June 30, 2012.

During the year ended June 30, 2012, the Organization purchased a building located on Central Street in Lowell, Massachusetts. The difference between the fair market value and purchase price in the amount of $510,200 has been recognized as an in-kind contribution and an equal amount has been capitalized as property. There were no in-kind contributions related to the purchase of property during the year ended June 30, 2013.

Note 11 – Retirement Plan

The Organization maintains a qualified retirement plan under Internal Revenue Code Section 401(k) covering all employees meeting certain eligibility requirements. The plan allows for employees to contribute pre-tax income, as defined and limited by the Internal Revenue Code. The Organization may make discretionary contributions to the Plan as determined by the Board of Directors. No discretionary contributions were made in 2013 and 2012.

Note 12 – Interest Expense

The Organization follows the policy of capitalizing interest as a component of the cost of property and equipment constructed for its own use. Total interest incurred and charged to operations was $118,570 and $78,424 during the years ended June 30, 2013 and 2012, respectively. Total interest capitalized during the years ended June 30, 2013 and 2012 was $51,953 and $77,138, respectively.

Note 13 – Related Party Transactions

During the year ended June 30, 2013, the Organization received $2,223 in in-kind legal services from a law firm where one of the members of the Board of Directors is a partner. In the year ended June 30, 2012, the Organization paid $943 to this same law firm for legal services. In addition, the Organization maintained a certificate of deposit with Enterprise Bank, which employs a member of the Organization's Board of Directors.

Note 14 – Subsequent Events

ASC 855-10, "*Subsequent Events*," defines further disclosure requirements for events that occur after the statement of financial position date but before financial statements are available to be issued. In accordance with ASC 855-10, the Organization's management has evaluated events subsequent from June 30, 2013 through June 19, 2014, which is the date the financial statements were available to be issued. There has been no material event noted during this period that would either impact the results reflected in this report or the Organization's results going forward, except as disclosed below.

On December 30, 2013, the Organization purchased additional property in Lowell, Massachusetts for $560,000, of which $504,000 was financed with a purchase and construction loan. The purchase and construction loan has a limit of $1,350,000 and is subject to an interest rate of 4.5% for the first 5 years, repricing from closing at the then-current 5 year US Treasury rate +2% with a 4.5% floor. Payments are interest-only payments for the first 12 months, then converting to monthly payments of principal and interest based upon a 25-year amortization schedule over a 10 year term.