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United Teen Equality Center, Inc.

Consolidated Financial Statements

For the Years Ended June 30, 2014 and 2013

AUDIT, TAX & ADVISORY SERVICES
SINCE 1964

United Teen Equality Center, Inc.
Consolidated Financial Statements
June 30, 2014

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Independent Auditor's Report

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

Report on the Financial Statements

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, 2014 and 2013, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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.

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, 2014 and 2013, 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.

Other Matter
Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities on pages 19 to 22 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Anstiss & Co. P.C.

Anstiss & Co., P.C.
Lowell, MA
March 9, 2015

United Teen Equality Center, Inc.
Consolidated Statements of Financial Position
June 30, 2014 and 2013

	2014	2013
Assets		
Current assets		
Cash and cash equivalents	$ 501,048	$ 852,106
Investments	295,585	-
Accounts receivable - net	476,197	240,051
Contributions receivable - current	465,000	195,000
Prepaid expenses and other current assets	13,322	17,916
Total current assets	1,751,152	1,305,073
Other assets		
Property and equipment - net	10,382,844	8,955,653
Note receivable - UTEC Investment Fund, LLC	7,823,347	7,737,814
Contributions receivable - long-term	338,957	-
Escrow deposits	49,249	-
Other assets	5,045	11,219
Total assets	$ 20,350,594	$ 18,009,759
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 223,806	$ 224,268
Accrued expenses	157,008	106,210
Line of credit	148,920	416,494
Current portion of long-term debt	40,391	-
Deferred revenue	3,889	3,889
Total current liabilities	574,014	750,861
Long-term debt - net of current portion	12,585,899	10,763,000
Total liabilities	13,159,913	11,513,861
Net assets		
Unrestricted	5,704,645	5,685,165
Temporarily restricted	1,486,036	810,733
Total net assets	7,190,681	6,495,898
Total liabilities and net assets	$ 20,350,594	$ 18,009,759

United Teen Equality Center, Inc.
Consolidated Statements of Activities
For the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
Operating support and revenues			
Grants and contributions	$ 739,329	$ 1,942,636	$ 2,681,965
Contract revenue	1,601,123	-	1,601,123
Rental income	37,100	-	37,100
Other income	40,717	-	40,717
Special events	11,333	-	11,333
In-kind contributions	47,831	-	47,831
Interest income	124,607	-	124,607
Investment loss	(7,220)	-	(7,220)
Net assets released from restrictions	1,267,333	(1,267,333)	-
Total operating support and revenues	3,862,153	675,303	4,537,456
Operating expenses			
Programs	2,957,766	-	2,957,766
General and administrative	659,428	-	659,428
Fundraising	261,154	-	261,154
Total operating expenses	3,878,348	-	3,878,348
Changes in net assets from operations	(16,195)	675,303	659,108
Non-operating support and revenues			
Grants and contributions - building	35,675	-	35,675
Change in net assets	19,480	675,303	694,783
Net assets - beginning of year	5,685,165	810,733	6,495,898
Net assets - end of year	$ 5,704,645	$ 1,486,036	$ 7,190,681

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 operating support and revenues	2,835,953	480,980	3,316,933
Operating expenses			
Programs	2,119,388	-	2,119,388
General and administrative	651,492	-	651,492
Fundraising	198,021	-	198,021
Total operating 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

United Teen Equality Center, Inc.
Consolidated Statements of Functional Expenses
For the Years Ended June 30, 2014 and 2013

	Programs	General and Administrative	Fundraising	Total 2014
Salaries, wages, taxes and benefits	$ 2,051,120	$ 309,782	$ 179,902	$ 2,540,804
Other expenses	135,026	122,650	46,105	303,781
Depreciation	202,144	58,151	16,615	276,910
Occupancy	176,685	1,224	1,104	179,013
Supplies	128,160	31,696	5,459	165,315
Interest expense	110,316	30,511	8,564	149,391
Consultants	32,849	105,414	3,405	141,668
Bad debt expense	121,466	-	-	121,466
Total operating expenses	$ 2,957,766	$ 659,428	$ 261,154	$ 3,878,348

	Programs	General and Administrative	Fundraising	Total 2013
Salaries, wages, taxes and benefits	$ 1,488,982	$ 268,143	$ 110,691	$ 1,867,816
Other expenses	94,866	187,369	57,831	340,066
Depreciation	191,947	40,375	11,740	244,062
Occupancy	101,778	1,359	489	103,626
Supplies	86,395	28,322	1,559	116,276
Interest expense	86,556	24,900	7,114	118,570
Consultants	57,892	101,024	8,597	167,513
Bad debt expense	10,972	-	-	10,972
Total operating expenses	$ 2,119,388	$ 651,492	$ 198,021	$ 2,968,901

United Teen Equality Center, Inc.
Consolidated Statements of Cash Flows
June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Change in net assets	$ 694,783	$ 843,032
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
In-kind contribution of investments	(302,805)	-
In-kind contribution of property	(40,000)	(10,000)
Bad debt expense	121,466	10,972
Depreciation expense	276,910	244,062
Unrealized loss on investments	7,220	-
Interest income added to note receivable - UTEC Investment Fund, LLC	(85,533)	(105,523)
(Increase) decrease in accounts receivable	(357,612)	117,599
Decrease in accounts receivable - building	-	539,208
Increase in contributions receivable	(608,957)	(195,000)
Increase in prepaid expenses and other current assets	4,594	(12,283)
Increase in escrow deposits	(49,249)	-
Decrease in other assets	6,174	(11,219)
(Decrease) increase in accounts payable	(462)	48,611
Increase (decrease) in accrued expenses	50,798	(51,647)
Increase in deferred revenue	-	3,889
Net cash (used) provided by operating activities	(282,673)	1,421,701
Cash flows from investing activities		
Acquisition of property and equipment	(1,664,101)	(811,832)
Net cash used by investing activities	(1,664,101)	(811,832)
Cash flows from financing activities		
Proceeds from line of credit	148,920	-
Payments on line of credit	(416,494)	(5,970)
Proceeds from long-term debt	1,868,858	-
Repayments of long-term debt	(5,568)	(1,303,873)
Net cash provided (used) by financing activities	1,595,716	(1,309,843)
Net Decrease Cash and Cash Equivalents	(351,058)	(699,974)
Cash and Cash Equivalents at Beginning of Year	852,106	1,552,080
Cash and Cash Equivalents at End of Year	$ 501,048	$ 852,106
Supplemental information		
Cash paid during the year for		
Interest	$ 145,625	$ 170,523
Income taxes	$ -	$ -

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

Note 1 – Nature of Operations

United Teen Equality Center, Inc.'s ("UTEC") mission is to ignite and nurture the ambition of our most disconnected young people to trade violence and poverty for social and economic success. UTEC was founded in 1999 by young people driven to develop their own teen center in response to gang violence. Today, UTEC's nationally recognized model begins with intensive street outreach and gang peacemaking, reaching out to our most disconnected youth by meeting them "where they are."

Youth in our target population (16-24, out of school and gang or criminally involved, or parenting) receive up to three years of intensive case management. UTEC provides real-world employment experience through our social enterprises in culinary, mattress recycling, and furniture design. Project-based educational programming is provided through onsite HiSET (GED) preparation classes. Social justice and civic engagement are embedded throughout and drive our youth-led organizing and policymaking campaigns, both local and statewide. Ultimately, UTEC's unique model can provide a pathway from the street to the state house for older youth most often overlooked. UTEC's primary outcomes are: reduced criminal involvement, increased employability, and increased educational attainment. Driven by evidence-based data, the recidivism rate of UTEC-enrolled youth is less than 15%, compared with a statewide average above 60%.

In 2011, UTEC began construction to expand and renovate its youth center – a historic former church built in 1839 – as the first step of a long-term effort to increase enrollment numbers by growing our social enterprises, particularly in food services. Construction concluded in November 2012, and UTEC is now the oldest LEED-Platinum building in the world.

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 6) and notes payable to Al Wainwright CommuniFund F, LLC (Note 8) 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, 2014.

Note 2 – Summary of Accounting Policies (continued)

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.

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.

Note 2 – Summary of Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

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.

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.

Investments

Investments in marketable securities with readily determinable fair values and all debt securities are reported at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

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, 2014 and 2013, the allowance for doubtful accounts was approximately $60,000 and $10,000, respectively.

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.

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, 2014 and 2013, 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. General and administrative expense includes those expenses that are not directly identifiable with any other specific function, but provide for overall support and direction of the Organization.

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 consolidated financial statements.

Note 2 – Summary of Accounting Policies (continued)

Income Taxes and Uncertain Tax Positions (continued)

ASC 740-10, "*Income Taxes*" requires the Organization to evaluate and disclose tax positions that could have an effect on the Organization's consolidated 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.

Reclassifications

During 2014 certain amounts from the prior year financial statements were reclassified to conform to the current year's presentation.

Note 3 – Contributions Receivable

The following are contributions receivable as of June 30th:

	2014	2013
Receivable in less than one year	$ 465,000	$ 195,000
Receivable in one to five years	350,000	-
Receivable in more than five years	-	-
Total unconditional promises to give	815,000	195,000
Less: discounts to net present value (2.53%)	(11,043)	-
Net contributions receivable	$ 803,957	$ 195,000

There was no allowance for uncollectable contributions receivable as of June 30, 2014 and 2013.

The amount of contributions receivable represents the net amount of receivables that the Organization believes it will collect in future years. Each year, the collectibility of the remaining receivable is assessed and any potentially uncollectible amounts are either written-off or posted to the allowance for uncollectible contributions receivable. As a result, there may be circumstances that occur during future years that will affect the collectibility of the above amounts.

Note 4 – Property and Equipment

Fixed assets consisted of the following as of June 30th:

	2014	2013
Land	$ 604,963	$ 189,074
Buildings and improvements	10,178,404	8,925,266
Equipment	261,030	233,301
Vehicles	69,906	69,906
Furniture and fixtures	36,859	29,514
Total property and equipment	11,151,162	9,447,061
Less: accumulated depreciation	(768,318)	(491,408)
Total property and equipment, net	$ 10,382,844	$ 8,955,653

Depreciation expense relating to property and equipment for the years ended June 30, 2014 and 2013 was $276,910 and $244,062, respectively.

Note 5 –Investments

As of June 30, 2014, the Organization has received various marketable equity securities. All investments are accounted for using fair value accounting (see Note 2). The following table presents the Organization's fair value hierarchy for those assets and liabilities measured at fair value as of June 30, 2014:

	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Cash	$ 28	$ 28	-	-
Common Stock			-	-
Consumer goods	293,139	293,139	-	-
Financial	2,418	2,418	-	-
Total investments	$ 295,585	$ 295,585	$ -	$ -

Investment income (loss) is comprised of the following for the years ended June 30, 2014 and 2013:

	2014	2013
Unrealized loss on investments	$ (7,220)	$ -
Total investment loss	$ (7,220)	$ -

Note 6 – 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 8). 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, 2014 and 2013, accrued interest in the amount of $232,167 and $146,634 has been added to the balance of the note receivable, respectively.

Note 7 – Line of Credit

At June 30, 2013, the Organization had a $450,000 line of credit at TD Bank. The interest rate applied to the outstanding principal balance was 2.0% above the prime rate (5.25% at June 30, 2013). The line was collateralized by substantially all of the Organization’s assets. As of June 30, 2014, the Organization paid off and no longer has this line of credit. At June 30, 2013, the outstanding balance on the line was $416,494.

During the year ended June 30, 2014, the Organization obtained a $150,000 line of credit at Eastern Bank. The interest rate applied to the outstanding principal balance is 1.0% above the prime rate (4.25% at June 30, 2014). The line is collateralized by substantially all of the Organization’s assets. As of June 30, 2014, the outstanding balance on the line was $148,920.

Note 8 – Long-Term Debt

	2014	2013
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 for the capital project costs associated with UTEC's main headquarters located at 34 Hurd Street, Lowell. 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 8 – Long-Term Debt (continued)

	2014	2013
Note payable to Eastern Bank in the original principal amount of $980,000 for costs associated with the renovation of 40 Central and 27 Prescott Streets, Lowell. The note provides for monthly payments of accrued interest, an interest rate of 4.53%, and matures in February 2019. The note is secured by the property and other assets of the Organization.	914,857	-
Note payable to Mass Development New Markets CDE#1, LLC in the original amount of $1,170,000 for costs associated with the acquisition of 15-17 Warren Street, Lowell. The note provides for monthly payments of principal and interest of $6,360 of 4.50% commencing February 2015 and matures in December 2023. The note is secured by the property and other assets of the Organization.	564,000	-
Note payable to Massachusetts Development Finance Agency in the original amount of $425,000 for costs associated with the capital project for 34 Hurd Street, Lowell. 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 Eastern Bank in the original principal amount of to $390,000 for costs associated with the renovation of 40 Central and 27 Prescott Streets, Lowell. The note provides for monthly payments of principal and interest of $6,196 with an interest rate of 4.53% and matures February 2021. The note is secured by the property and other assets of the Organization.	384,433	-
Note payable to Lowell Development and Financial Corporation in the original amount of $250,000 for costs associated with the capital project for 34 Hurd Street, Lowell. 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
Total long-term debt	$ 12,626,290	$ 10,763,000
Less: Current portion of long-term debt	(40,391)	-
Long-term debt- net current portion	$ 12,585,899	$ 10,763,000

Note 8 – Long-Term Debt (continued)

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

2015	$ 40,391
2016	111,752
2017	116,905
2018	372,294
2019	1,042,786
Thereafter	10,942,162
Total long-term debt	$ 12,626,290

Per one of its loan agreements, the Organization is required to be in compliance with certain covenants. As of June 30, 2014, the Organization met the required covenants.

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 (October 2018) 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 9 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purpose:

	2014	**2013**
To support UTEC’s youth programming	$ 1,486,036	$ 810,733
Total temporarily restricted net assets	$ 1,486,036	$ 810,733

Note 10 – 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, 2014 or on the change in its net assets for the year then ended.

Note 11 – Rental Income
The Organization entered into a formal lease agreement to lease space on December 7, 2012 commencing on date of occupancy with monthly payments of $12,367. Rental income for the year ended June 30, 2014 totaled $37,100. There was no rental income during the year ended June 30, 2013.

Future minimum rental income is as follows for the years ending June 30th:

2015	$148,400
2016	$148,400
2017	$148,400
2018	$148,400
2019	$111,300

Note 12 – In-Kind Contributions
During the years ended June 30, 2014 and 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. These amounts recorded for in-kind contributions were $47,831 and $34,350 at June 30, 2014 and 2013, respectively.

Note 13 – 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 during the years ended June 30, 2014 and 2013.

Note 14 – 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 $149,391 and $118,570 during the years ended June 30, 2014 and 2013, respectively. Total interest capitalized during the years ended June 30, 2014 and 2013 was $24,159 and $51,953, respectively.

Note 15 – Related Party Transactions
During the year ended June 30, 2014, the Organization paid $1,164 to a law firm where one of the members of the Board of Directors is a partner. In the year ended June 30, 2013, the Organization received $2,223 in in-kind legal services from this same law firm.

Note 16 – Consolidated Statements of Cash Flows – Supplemental Information

The item "in-kind contribution of investments" consists of common stock donations to the Organization that had not been sold and converted to cash as of June 30, 2014 (Note 5). However, these stocks were sold and converted to cash in July 2014.

The item "increase in contributions receivable" consists of a $775,000 grant from a private foundation to be paid to the Organization over three years (Note 3). The Organization had received its first payment in the amount of $425,000 in July 2014.

Note 17 – Subsequent Events

ASC 855-10, "Subsequent Events" defines further disclosure requirements for events that occur after the consolidated statements of financial position date but before financial statements are issued. In accordance with ASC 855-10, the Organization's management has evaluated events subsequent from June 30, 2014 through March 9, 2015, 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.

United Teen Equality Center, Inc.
Consolidating Statement of Financial Position
June 30, 2014

	UTEC	Hurren St.	Consolidation	Total
Assets				
Current assets				
Cash and cash equivalents	$ 139,693	$ 361,355	$ -	$ 501,048
Investments	295,585	-	-	295,585
Accounts receivable - net	490,862	661,761	(676,426)	476,197
Contributions receivable - current	465,000	-	-	465,000
Prepaid expenses and other current assets	13,322	-	-	13,322
Total current assets	1,404,462	1,023,116	(676,426)	1,751,152
Other assets				
Property and equipment - net	2,468,436	9,124,816	(1,210,408)	10,382,844
Note receivable - UTEC Investment Fund, LLC	7,823,347	-	-	7,823,347
Contributions receivable - long-term	338,957	-	-	338,957
Escrow deposits	49,249	-	-	49,249
Other assets	5,045	-	-	5,045
Total assets	$ 12,089,496	$ 10,147,932	$ (1,886,834)	$ 20,350,594
Liabilities and Net Assets				
Current liabilities				
Accounts payable	$ 859,540	$ 40,692	$ (676,426)	$ 223,806
Accrued expenses	157,008	-	-	157,008
Line of credit	148,920	-	-	148,920
Current portion of long-term debt	40,391	-	-	40,391
Deferred revenue	-	3,889	-	3,889
Total current liabilities	1,205,859	44,581	(676,426)	574,014
Long-term debt - net of current portion	2,497,899	10,088,000	-	12,585,899
Total liabilities	3,703,758	10,132,581	(676,426)	13,159,913
Net assets				
Unrestricted	6,899,702	15,351	(1,210,408)	5,704,645
Temporarily restricted	1,486,036	-		1,486,036
Total net assets	8,385,738	15,351	(1,210,408)	7,190,681
Total liabilities and net assets	$ 12,089,496	$ 10,147,932	$ (1,886,834)	$ 20,350,594

United Teen Equality Center, Inc.
Consolidating Statement of Financial Position
June 30, 2013

	UTEC	Hurren St.	Consolidation	Total
Assets				
Current assets				
Cash and cash equivalents	$ 386,980	$ 465,126	$ -	$ 852,106
Accounts receivable - net	254,716	361,391	(376,056)	240,051
Contributions receivable - current	195,000	-	-	195,000
Prepaid expenses and other current assets	17,916	-	-	17,916
Total current assets	854,612	826,517	(376,056)	1,305,073
Other assets				
Property and equipment - net	827,705	9,366,198	(1,238,250)	8,955,653
Note receivable - UTEC Investment Fund, LLC	7,737,814	-	-	7,737,814
Other assets	11,219	-	-	11,219
Total assets	$ 9,431,350	$ 10,192,715	$ (1,614,306)	$ 18,009,759
Liabilities and Net Assets				
Current liabilities				
Accounts payable	$ 559,633	$ 40,692	$ (376,057)	$ 224,268
Accrued expenses	106,210	-	-	106,210
Line of credit	416,494	-	-	416,494
Deferred revenue	-	3,889	-	3,889
Total current liabilities	1,082,337	44,581	(376,057)	750,861
Long-term debt - net of current portion	675,000	10,088,000	-	10,763,000
Total liabilities	1,757,337	10,132,581	(376,057)	11,513,861
Net assets				
Unrestricted	6,863,280	60,134	(1,238,249)	5,685,165
Temporarily restricted	810,733	-	-	810,733
Total net assets	7,674,013	60,134	(1,238,249)	6,495,898
Total liabilities and net assets	$ 9,431,350	$ 10,192,715	$ (1,614,306)	$ 18,009,759

United Teen Equality Center, Inc.
Consolidating Statement of Activities
For the Year Ended June 30, 2014

	UTEC					
	Unrestricted	Temporarily Restricted	Total	Hurren St.	Consolidation	Total
Operating support and revenues						
Grants and contributions	$ 739,329	$ 1,942,636	$ 2,681,965	$ -	$ -	$ 2,681,965
Contract revenue	1,601,123	-	1,601,123	-	-	1,601,123
Rental income	37,100	-	37,100	300,370	(300,370)	37,100
Other income	40,717	-	40,717	-	-	40,717
Special events	11,333	-	11,333	-	-	11,333
In-kind contributions	47,831	-	47,831	-	-	47,831
Interest income	124,333	-	124,333	274	-	124,607
Investment loss	(7,220)	-	(7,220)	-	-	(7,220)
Net assets released from restrictions	1,267,333	(1,267,333)	-	-	-	-
Total operating support and revenues	3,861,879	675,303	4,537,182	300,644	(300,370)	4,537,456
Operating expenses						
Programs	3,026,181	-	3,026,181	345,288	(413,703)	2,957,766
General and administrative	592,796	-	592,796	139	66,493	659,428
Fundraising	242,155	-	242,155	-	18,999	261,154
Total operating expenses	3,861,132	-	3,861,132	345,427	(328,211)	3,878,348
Changes in net assets from operations	747	675,303	676,050	(44,783)	27,841	659,108
Non-operating support and revenues						
Grants and contributions - building	35,675	-	35,675	-	-	35,675
Change in net assets	36,422	675,303	711,725	(44,783)	27,841	694,783
Net assets - beginning of year	6,863,280	810,733	7,674,013	60,134	(1,238,249)	6,495,898
Net assets - end of year	$ 6,899,702	$ 1,486,036	$ 8,385,738	$ 15,351	$ (1,210,408)	$ 7,190,681

See the independent auditor's report.

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

	UTEC					
	Unrestricted	Temporarily Restricted	Total	Hurren St.	Consolidation	Total
Operating support and revenues						
Grants and contributions	$ 282,960	$ 919,880	$ 1,202,840	$ -	$ -	$ 1,202,840
Contract revenue	1,566,735	250,000	1,816,735	-	-	1,816,735
Rental income	-	-	-	347,029	(347,029)	-
Developer fee	185,779	-	185,779	-	(185,779)	-
Other income	68,037	-	68,037	-	-	68,037
Special events	44,885	-	44,885	-	-	44,885
In-kind contributions	34,350	-	34,350	-	-	34,350
Interest income	149,374	-	149,374	712	-	150,086
Net assets released from restrictions	688,900	(688,900)	-	-	-	-
Total operating support and revenues	3,021,020	480,980	3,502,000	347,741	(532,808)	3,316,933
Operating expenses						
Programs	2,291,464	-	2,291,464	265,182	(437,258)	2,119,388
General and administrative	595,720	-	595,720	5,447	50,325	651,492
Fundraising	183,642	-	183,642	-	14,379	198,021
Total operating expenses	3,070,826	-	3,070,826	270,629	(372,554)	2,968,901
Changes in net assets from operations	(49,806)	480,980	431,174	77,112	(160,254)	348,032
Non-operating support and revenues						
Gain on sale of tax credits	495,000	-	495,000	-	-	495,000
Change in net assets	445,194	480,980	926,174	77,112	(160,254)	843,032
Net assets - beginning of year	6,418,086	329,753	6,747,839	(16,978)	(1,077,995)	5,652,866
Net assets - end of year	$ 6,863,280	$ 810,733	$ 7,674,013	$ 60,134	$ (1,238,249)	$ 6,495,898

See the independent auditor's report.