

# ANSTISS

CERTIFIED  
PUBLIC  
ACCOUNTANTS

## Utec, Inc.

(formerly known as United Teen Equality Center, Inc.)

### Consolidated Financial Statements

For the Years Ended June 30, 2015 and 2014

AUDIT, TAX & ADVISORY SERVICES  
SINCE 1964

**UTEC, Inc.**  
**Consolidated Financial Statements**  
**June 30, 2015 and 2014**

**Table of Contents**

	<b><u>Page</u></b>
Independent Auditor's Report	1-2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4-5
Consolidated Statements of Functional Expenses	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8-21
Supplemental Information	
Consolidating Statements of Financial Position	22-23
Consolidating Statements of Activities	24-25

## Independent Auditor's Report

To the Board of Directors of  
UTECH, Inc.

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of UTECH, Inc. (a nonprofit organization) and its affiliates, which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, 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 consolidated 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 consolidated 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 UTEC, Inc. and its affiliate as of June 30, 2015 and 2014, 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 Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements of financial position and consolidating statements of activities are presented for purposes of additional analysis and are not required parts 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 audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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

December 10, 2015

**UTEC, Inc.**  
**Consolidated Statements of Financial Position**  
**June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 525,069	\$ 501,048
Investments	7,413	295,585
Accounts receivable - net	331,696	476,197
Contributions receivable - current	378,620	465,000
Prepaid expenses and other current assets	28,349	13,322
Cash restricted for construction and operation of real estate	2,532,100	-
Total current assets	<u>3,803,247</u>	<u>1,751,152</u>
Other assets		
Property and equipment - net	11,094,121	10,382,844
Note receivable - UTEC Investment Fund, LLC	7,908,347	7,823,347
Note receivable - UTEC Hub Investment Fund, LLC	4,286,670	-
Contributions receivable - long-term	117,930	338,957
Escrow deposits	-	49,249
Other assets	207,172	5,045
Total assets	<u><u>\$ 27,417,487</u></u>	<u><u>\$ 20,350,594</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 290,155	\$ 223,806
Accrued expenses	178,301	157,008
Line of credit	-	148,920
Current portion of long-term debt	-	40,391
Deferred revenue	3,889	3,889
Total current liabilities	<u>472,345</u>	<u>574,014</u>
Long-term debt - net of current portion	<u>20,067,550</u>	<u>12,585,899</u>
Total liabilities	<u>20,539,895</u>	<u>13,159,913</u>
Net assets		
Unrestricted	6,315,862	5,704,645
Temporarily restricted	561,730	1,486,036
Total net assets	<u>6,877,592</u>	<u>7,190,681</u>
Total liabilities and net assets	<u><u>\$ 27,417,487</u></u>	<u><u>\$ 20,350,594</u></u>

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

**Utec, Inc.**  
**Consolidated Statements of Activities**  
**For the Year Ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Operating support and revenues</b>			
Contract revenue	\$ 1,671,746	\$ -	\$ 1,671,746
Grants and contributions	709,081	862,780	1,571,861
Rental income	266,518	-	266,518
Program service fees	231,670	-	231,670
Interest income	125,401	-	125,401
Special events	121,806	-	121,806
Other income	77,691	-	77,691
In-kind contributions	56,775	-	56,775
Investment income (loss) - net	1,901	-	1,901
Net assets released from restrictions	1,787,086	(1,787,086)	-
Total operating support and revenues	<u>5,049,675</u>	<u>(924,306)</u>	<u>4,125,369</u>
<b>Operating expenses</b>			
Programs	3,459,767	-	3,459,767
General and administrative	797,711	-	797,711
Fundraising	364,980	-	364,980
Total operating expenses	<u>4,622,458</u>	<u>-</u>	<u>4,622,458</u>
<b>Changes in net assets from operations</b>	427,217	(924,306)	(497,089)
<b>Non-operating support and revenues</b>			
Gain on sale of tax credits	184,000	-	184,000
<b>Change in net assets</b>	611,217	(924,306)	(313,089)
<b>Net assets - beginning of year</b>	5,704,645	1,486,036	7,190,681
<b>Net assets - end of year</b>	<u>\$ 6,315,862</u>	<u>\$ 561,730</u>	<u>\$ 6,877,592</u>

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

**UTEC, Inc.**  
**Consolidated Statements of Activities**  
**For the Year Ended June 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Operating support and revenues</b>			
Contract revenue	\$ 1,601,123	\$ -	\$ 1,601,123
Grants and contributions	739,329	1,942,636	2,681,965
Rental income	40,950	-	40,950
Program service fees	31,515	-	31,515
Interest income	124,607	-	124,607
Special events	11,333	-	11,333
In-kind contributions	47,831	-	47,831
Other income	5,352	-	5,352
Investment income (loss) - net	(7,220)	-	(7,220)
Net assets released from restrictions	1,267,333	(1,267,333)	-
Total operating support and revenues	<u>3,862,153</u>	<u>675,303</u>	<u>4,537,456</u>
<b>Operating expenses</b>			
Programs	2,957,766	-	2,957,766
General and administrative	659,428	-	659,428
Fundraising	261,154	-	261,154
Total operating expenses	<u>3,878,348</u>	<u>-</u>	<u>3,878,348</u>
<b>Changes in net assets from operations</b>	(16,195)	675,303	659,108
<b>Non-operating support and revenues</b>			
Grants and contributions - building	35,675	-	35,675
<b>Change in net assets</b>	19,480	675,303	694,783
<b>Net assets - beginning of year</b>	5,685,165	810,733	6,495,898
<b>Net assets - end of year</b>	<u>\$ 5,704,645</u>	<u>\$ 1,486,036</u>	<u>\$ 7,190,681</u>

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

**UTEC, Inc.**  
**Consolidated Statements of Functional Expenses**  
**For the Years Ended June 30, 2015 and 2014**

	<b>Programs</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total 2015</b>
Salaries, wages, taxes and benefits	\$ 2,318,552	\$ 386,042	\$ 233,630	\$ 2,938,224
Other expenses	310,981	159,134	63,777	533,892
Depreciation	213,087	57,435	21,771	292,293
Occupancy	277,507	2,978	1,009	281,494
Consultants	34,943	111,896	4,674	151,513
Interest expense	125,360	57,161	32,075	214,596
Supplies	132,272	23,065	8,044	163,381
Bad debt expense	47,065	-	-	47,065
Total operating expenses	<u>\$ 3,459,767</u>	<u>\$ 797,711</u>	<u>\$ 364,980</u>	<u>\$ 4,622,458</u>

	<b>Programs</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total 2014</b>
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
Consultants	32,849	105,414	3,405	141,668
Interest expense	110,316	30,511	8,564	149,391
Supplies	128,160	31,696	5,459	165,315
Bad debt expense	121,466	-	-	121,466
Total operating expenses	<u>\$ 2,957,766</u>	<u>\$ 659,428</u>	<u>\$ 261,154</u>	<u>\$ 3,878,348</u>

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



**UTEC, Inc.**  
**Consolidated Statements of Cash Flows**  
**June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities</b>		
<b>Change in net assets</b>	\$ (313,089)	\$ 694,783
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
In-kind contribution of investments	(5,077)	(302,805)
In-kind contribution of property	-	(40,000)
Bad debt expense	47,065	121,466
Depreciation expense	292,293	276,910
Unrealized (gain) loss on investments	(1,901)	7,220
Interest income added to note receivable - UTEC Investment Fund, LLC	(85,000)	(85,533)
Decrease (increase) in accounts receivable	97,436	(357,612)
Decrease (increase) in contributions receivable	307,407	(608,957)
(Increase) decrease in prepaid expenses and other current assets	(15,027)	4,594
Decrease (increase) in escrow deposits	49,249	(49,249)
(Increase) decrease in other assets	(202,127)	6,174
Increase (decrease) in accounts payable	66,349	(462)
Increase in accrued expenses	21,293	50,798
<b>Net cash provided by (used in) operating activities</b>	<u>258,871</u>	<u>(282,673)</u>
<b>Cash flows from investing activities</b>		
Loan proceeds to UTEC Hub Investment Fund, LLC	(4,286,670)	-
Cash restricted for construction and operation of real estate (received) paid - net	(2,532,100)	-
Proceeds from the sale of investments	295,150	-
Acquisition of property and equipment	(1,003,570)	(1,664,101)
<b>Net cash used in investing activities</b>	<u>(7,527,190)</u>	<u>(1,664,101)</u>
<b>Cash flows from financing activities</b>		
Proceeds from line of credit	-	148,920
Payments on line of credit	(148,920)	(416,494)
Proceeds from long-term debt	9,304,550	1,868,858
Repayments of long-term debt	(1,863,290)	(5,568)
<b>Net cash provided by financing activities</b>	<u>7,292,340</u>	<u>1,595,716</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	24,021	(351,058)
<b>Cash and Cash Equivalents at Beginning of Year</b>	501,048	852,106
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 525,069</u>	<u>\$ 501,048</u>
<b>Supplemental information</b>		
Cash paid during the year for		
Interest	<u>\$ 220,362</u>	<u>\$ 173,550</u>

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

**Utec, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2015 and 2014**

**Note 1 – Nature of Operations**

Utec, 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."

Utec uses a unique model that combines case management, real-world employment experience, educational programming, social justice and civic engagement to help impact youth with proven risk factors (16-24, out of school and gang or criminally involved, or parenting) to reach the following goals: reduce criminal involvement, increase employability, and increase educational attainment.

Starting in 2006, Utec has purchased properties in historic downtown Lowell and has begun renovating these for use in their program model. Utec's headquarters are in a historic former church built in 1839. After renovation and construction of a new addition, this building is now the oldest LEED-Platinum building in the country. In 2015, Utec purchased and renovated a neighboring building, which will allow expansion to include a new wholesale commercial kitchen, early education facility, and a teaching and learning space. A 2,500 sq. ft. former garage was also purchased to assist expansion of social enterprises.

To fund the implementation of a diverse growth plan, Utec has partnered with several funders, including Strategic Grant Partners, who have made large, multi-year gifts. These funds effectively grew the balance of Utec's temporarily restricted assets over the period received. Their intended use is for one time capacity building projects, and thus they will not be replaced. This is part of Utec's strategic funding plan.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Consolidation***

The accompanying consolidated financial statements include the accounts of Utec and its affiliates, Hurren Street, Inc. and Utec Hub, 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 35 Warren Street in Lowell, MA for the purpose of leasing such property to Utec as part of a comprehensive development project utilizing and leveraging both New Markets and Massachusetts Historic Rehabilitation Tax Credits. 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. Through June 30, 2015, the Organization has received allocations of \$550,000 in credits, which were sold for \$495,000 net of selling costs to finance a portion of the renovation. There were no allocations of tax credits received or sold during the years ended June 30, 2015 and 2014.

**UTEC, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2015 and 2014**

**Note 2 – Summary of Significant Accounting Policies (continued)**

***Tax Credit Financing (continued)***

During the year ended June 30, 2015, UTEC Hub, Inc. (“UTECHub”) was formed to own and develop the buildings at 15 Warren Street, 27 Prescott Street, and 40 Central Street, all located in Lowell, MA for the purpose of leasing such property to UTEC and various other tenants as part of a comprehensive development project utilizing and leveraging both New Markets and Massachusetts Historic Rehabilitation Tax Credits. The note receivable from UTEC Hub Investment Fund, LLC (Note 6) and notes payable to Al Wainwright CommuniFund L, LLC (Note 8) are related to this renovation project. During the year ended June 30, 2015, the Organization received an allocation of \$200,000 in credits, which were sold for \$184,000 to finance a portion of the renovation. The Organization expects to receive an additional allocation of \$450,000 in credits which are expected to be sold for \$414,000 in future years.

***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. Cash and cash equivalents exclude cash restricted for payment of costs of constructing and operating 15 Warren Street, 27 Prescott Street, and 40 Central Street, all located in Lowell, Massachusetts.

***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.

**UTEC, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2015 and 2014**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**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.

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, 2015 and 2014, the allowance for doubtful accounts was approximately \$4,000 and \$60,000, respectively.

**UTEC, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2015 and 2014**

**Note 2 – Summary of Significant Accounting Policies (continued)**

***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:

	<u>Years</u>
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.

***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. As of June 30, 2015 and 2014, the Organization had temporarily restricted net assets of \$561,730 and \$1,486,036, 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, 2015 and 2014, the Organization had no permanently restricted net assets.

**UTEC, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2015 and 2014**

**Note 2 – Summary of Significant Accounting Policies (continued)**

***Revenue Recognition***

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.

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***

In-kind contributions are recorded at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contribution of cash that must be used to acquire property and equipment are reported as restricted 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, Hurren Street, Inc., and UTEC Hub, 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.

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.

**UTEC, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2015 and 2014**

**Note 2 – Summary of Significant Accounting Policies (continued)**

***Reclassifications***

During 2015 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 30<sup>th</sup>:

	<b>2015</b>	<b>2014</b>
Receivable in less than one year	\$ 378,620	\$ 465,000
Receivable in one to five years	123,120	350,000
Total unconditional promises to give	501,740	815,000
Less: discounts to net present value (2.18% - 2.53%)	(5,190)	(11,043)
Net contributions receivable	<u>\$ 496,550</u>	<u>\$ 803,957</u>

There was no allowance for uncollectable contributions receivable as of June 30, 2015 and 2014.

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 30<sup>th</sup>:

	<b>2015</b>	<b>2014</b>
Land	\$ 695,037	\$ 604,963
Buildings and improvements	10,986,860	10,178,404
Equipment	183,288	261,030
Vehicles	76,831	69,906
Furniture and fixtures	38,264	36,859
Total property and equipment	11,980,280	11,151,162
Less: accumulated depreciation	(886,159)	(768,318)
Total property and equipment - net	<u>\$ 11,094,121</u>	<u>\$ 10,382,844</u>

Depreciation expense relating to property and equipment for the years ended June 30, 2015 and 2014 was \$292,293 and \$276,910, respectively.

**UTEC, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2015 and 2014**

**Note 5 –Investments**

The Organization uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures (see Note 2). The following table presents the Organization’s fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2015 and 2014:

<b>2015</b>				
	<b>Total</b>	<b>Quoted Prices in Active Markets for Identical Assets Level 1</b>	<b>Significant Other Observable Inputs Level 2</b>	<b>Significant Unobservable Inputs Level 3</b>
Cash	\$ 93	\$ 93	\$ -	\$ -
Common Stock			-	-
Technology	4,733	4,733	-	-
Financial	2,587	2,587	-	-
Total investments	\$ 7,413	\$ 7,413	\$ -	\$ -
<b>2014</b>				
	<b>Total</b>	<b>Quoted Prices in Active Markets for Identical Assets Level 1</b>	<b>Significant Other Observable Inputs Level 2</b>	<b>Significant Unobservable Inputs Level 3</b>
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, 2015 and 2014:

	<b>2015</b>	<b>2014</b>
Unrealized gain (loss) on investments	\$ 7,658	\$ (7,220)
Realized loss on investments	(5,757)	-
Investment income (loss) - net	\$ 1,901	\$ (7,220)



**UTEC, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2015 and 2014**

**Note 6 – Notes 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 F") in exchange for a 99.99% membership interest in the CDE F. The CDE F 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 F.

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 F. 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, 2015 and 2014, accrued interest in the amount of \$317,167 and \$232,167 has been added to the balance of the note receivable, respectively.

***UTEC Hub Investment Fund, LLC***

On June 18, 2015, UTEC entered into two note agreements with UTEC Hub Investment Fund, LLC, ("The Fund"), an unrelated entity, as part of the New Markets Tax Credit leverage financing structure for UTEC Hub. The Fund used the loan proceeds to make an equity investment in Al Wainwright CommuniFund L, LLC ("The CDE I") 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 UTEC Hub (Note 8). The note is secured by a continuing first priority security interest in the Fund's interest in the CDE.

Note A has an original principal amount of \$2,550,000 with an annual interest of 2.778% and is secured by a continuing first priority security interest in the Fund's interest in the CDE I. Payments due under this Note A receivable are as follows:

Beginning July 2015 through May 2025, quarterly payments of accrued interest on the outstanding balance will be due at an interest rate of 2.778%, with all accrued interest not payable added to the outstanding principal balance.

Beginning June 2025 through maturity December 2047, quarterly payments of principal and interest will be due in the amount of \$152,141.

As of June 30, 2015, there is no accrued interest added to the note.

**Utec, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2015 and 2014**

**Note 6 – Notes Receivable (continued)**

***Utec Hub Investment Fund, LLC (continued)***

Note B has an original principal amount of \$1,736,670 with an annual interest of 2.778% and is secured by a continuing first priority security interest in the Fund’s interest in the CDE. Payments due under this Note A receivable are as follows:

Beginning July 2015 through May 2025, quarterly payments of accrued interest on the outstanding balance will be due at an interest rate of 2.778%, with all accrued interest not payable added to the outstanding principal balance.

Beginning June 2025 through maturity December 2047, quarterly payments of principal and interest will be due in the amount of \$103,615.

As of June 30, 2015, there is no accrued interest added to the note.

**Note 7 – Line of Credit**

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 was 1.0% above the prime rate (4.25% at June 30, 2014). The line was collateralized by substantially all of the Organization’s assets. As of June 30, 2015, this line of credit has been paid off and been closed. As of June 30, 2014, the outstanding balance on the line was \$148,920.

During the year ended June 30, 2015, the organization obtained a \$400,000 revolving line of credit at Eastern Bank. The interest rate applied to the outstanding principal balance is 1.00% above the prime rate (4.25% at June 30, 2015) and never shall be less than 3.75%. As of June 30, 2015, there is no outstanding balance on the line of credit.

**Note 8 – Long-Term Debt**

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.

	2015	2014
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

Notes payable to Al Wainwright CommuniFund L, LLC in the original principal amounts of \$2,550,000, \$1,736,670 and \$1,969,830 for the capital project costs associated with 15 Warren Street, Lowell. The notes provide for quarterly payments of accrued interest, an interest rate of 2.552%, and mature in December 2049. The notes are secured by the property and other assets of the Organization.

	6,256,500	-
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**UTEC, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2015 and 2014**

**Note 8 – Long-Term Debt (continued)**

	<b>2015</b>	<b>2014</b>
<p>Note payable to Eastern Bank in the original principal amount of \$2,550,000 for costs associated with the New Markets Tax Credit project. The note provides for monthly payments of accrued interest, an interest rate of 4.67%, and matures in December 2022. The note is secured by the assignment of pledge of member interest in the CDE I and buildings. The note also requires that prior to the end of each fiscal year, beginning with the fiscal year ending June 30, 2016, UTEC shall make a payment of \$38,000 into a sinking fund account. On the maturity date, the then outstanding balance of the sinking fund account shall be applied against the principal due under the note. No more than one time per fiscal year, UTEC shall be permitted to direct that all or any portion of the balance of the sinking fund account, including any interest accrued thereon, be applied against any outstanding principal due under the note.</p>	2,550,000	-
<p>Bridge loan to Eastern Bank in the original principal amount of \$498,050 for costs associated with the New Markets Tax Credit project. The note provides for monthly payments of accrued interest, at a floating interest rate based on Eastern Bank Base rate plus 50 basis points (and matures in June 2017). The note is secured by the assignment of pledge of member interest in the CDE I and buildings.</p>	498,050	-
<p>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.</p>	425,000	425,000
<p>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 2026. The note is secured by the property and other assets of the Organization.</p>	250,000	250,000
<p>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 provided for monthly payments of accrued interest at 4.53% and was secured by the property and other assets of the Organization.</p>	-	914,857

**UTEC, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2015 and 2014**

**Note 8 – Long-Term Debt (continued)**

	<b>2015</b>	<b>2014</b>
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 Warren Street, Lowell. The note provided for monthly payments of principal and interest of \$6,360 at 4.50% and was secured by the property and other assets of the Organization.	-	564,000
Note payable to Eastern Bank in the original principal amount of \$390,000 for costs associated with the renovation of 40 Central and 27 Prescott Streets, Lowell. The note provided for monthly payments of principle and interest of \$6,196 at 4.53% and was secured by the property and other assets of the Organization.	-	384,433
Total long-term debt	\$ 20,067,550	\$ 12,626,290
Less: Current portion of long-term debt	-	(40,391)
Long-term debt- net current portion	\$ 20,067,550	\$ 12,585,899

The future minimum payments on notes payable and sinking fund requirements at June 30<sup>th</sup> are as follows:

	<b>Principal</b>	<b>Sinking Fund</b>
2016	\$ -	\$ 38,000
2017	498,050	38,000
2018	-	38,000
2019	-	38,000
2020	-	38,000
Thereafter	19,569,500	76,000
Total	\$ 20,067,550	\$ 266,000

Per one of its loan agreements, the Organization is required to be in compliance with certain covenants. As of June 30, 2015 and 2014, the Organization met the required covenants.

***Hurren Street's Note Agreements***

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.

**UTEC, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2015 and 2014**

**Note 8 – Long-Term Debt (continued)**

***Hurren Street's Note Agreements (continued)***

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.

***UTEC Hub, Inc.'s Note Agreements***

In connection with UTEC Hub, Inc.'s note agreements with Al Wainwright CommuniFund L, LLC, UTEC entered into a put and call agreement with Chase Community Equity, LLC, who is the sole member of Chase NMTC UTEC Hub Investment Fund, LLC, who has made a qualified equity investment in Al Wainwright CommuniFund L, LLC.

Under the terms of the agreement, UTEC (the "Purchaser") granted Chase Community Equity, LLC (the "Investor") the option (to "Put") to sell the their interest in UTEC Hub Investment Fund, LLC to UTEC at any time during the period beginning at the end of the Tax Credit Investment Period (December 2024) 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 period commencing on the day after the last day of the Put Option Period (the "Call Exercise Date") and ending on the date that is ninety days after the Call Exercise Date (the "Call Option Period) to purchase the interest in UTEC Hub 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.

**UTEC, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2015 and 2014**

**Note 8 – Long-Term Debt (continued)**

***UTEC Hub, Inc.’s Note Agreements (continued)***

Once UTEC obtains Chase Community Equity, LLC’s interest in UTEC Hub Investment Fund, LLC, UTEC will be in a position to forgive the debt that is owed by UTEC Hub, Inc.

**Note 9 – Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purpose:

	<b>2015</b>	<b>2014</b>
To support UTEC’s youth programming	\$ 561,730	\$ 1,486,036
Total temporarily restricted net assets	\$ 561,730	\$ 1,486,036

**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, 2015 and 2014 or on the change in its net assets for the year then ended.

**Note 11 – Rental Income**

During the year, the Organization entered into various formal lease agreements to lease space at 15 Warren Street, 27 Prescott Street, and 40 Central Street. Rental income under these lease agreements for the years ended June 30, 2015 and 2014 totaled \$209,278 and \$37,100, respectively.

Future minimum rental income is as follows for the years ending June 30<sup>th</sup>:

2016	\$250,789
2017	\$237,035
2018	\$236,113
2019	\$170,543
2020	\$111,300

**Note 12 – In-Kind Contributions**

During the years ended June 30, 2015 and 2014, 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 \$56,775 and \$47,831 at June 30, 2015 and 2014, 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, 2015 and 2014.

**UTEC, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2015 and 2014**

**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 \$214,595 and \$149,392 during the years ended June 30, 2015 and 2014, respectively. Total interest capitalized during the years ended June 30, 2015 and 2014 was \$5,766 and \$24,159, respectively.

**Note 15 – Related Party Transactions**

During the year ended June 30, 2015, there were no amounts paid to related parties for services performed. 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 was a partner.

**Note 16 – Consolidated Statements of Cash Flows – Supplemental Information**

At June 30, 2014, 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.

At June 30, 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 December 10, 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.

**UTEC, Inc.**  
**Consolidating Statement of Financial Position**  
**June 30, 2015**

	<u>UTEC</u>	<u>Hurren St.</u>	<u>UTEC Hub</u>	<u>Consolidation</u>	<u>Total</u>
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 206,794	\$ 257,528	\$ 60,747	\$ -	\$ 525,069
Investments	7,413	-	-	-	7,413
Accounts receivable - net	346,362	962,131	1,040,888	(2,017,685)	331,696
Contributions receivable - current	378,620	-	-	-	378,620
Prepaid expenses and other current assets	28,349	-	-	-	28,349
Cash restricted for construction and operation of real estate	-	-	2,532,100	-	2,532,100
Total current assets	<u>967,538</u>	<u>1,219,659</u>	<u>3,633,735</u>	<u>(2,017,685)</u>	<u>3,803,247</u>
Other assets					
Property and equipment - net	146,446	8,883,435	2,576,991	(512,751)	11,094,121
Note receivable - UTEC Investment Fund, LLC	7,908,347	-	-	-	7,908,347
Note receivable - UTEC Hub Investment Fund, LLC	4,286,670	-	-	-	4,286,670
Contributions receivable - long-term	117,930	-	-	-	117,930
Other assets	5,045	-	202,127	-	207,172
Total assets	<u>\$ 13,431,976</u>	<u>\$ 10,103,094</u>	<u>\$ 6,412,853</u>	<u>\$ (2,530,436)</u>	<u>\$ 27,417,487</u>
<b>Liabilities and Net Assets</b>					
Current liabilities					
Accounts payable	\$ 2,138,678	\$ 40,692	\$ 128,470	\$ (2,017,685)	\$ 290,155
Accrued expenses	178,301	-	-	-	178,301
Deferred revenue	-	3,889	-	-	3,889
Total current liabilities	<u>2,316,979</u>	<u>44,581</u>	<u>128,470</u>	<u>(2,017,685)</u>	<u>472,345</u>
Long-term debt - net of current portion	<u>3,723,050</u>	<u>10,088,000</u>	<u>6,256,500</u>	<u>-</u>	<u>20,067,550</u>
Total liabilities	<u>6,040,029</u>	<u>10,132,581</u>	<u>6,384,970</u>	<u>(2,017,685)</u>	<u>20,539,895</u>
Net assets					
Unrestricted	6,830,217	(29,487)	27,883	(512,751)	6,315,862
Temporarily restricted	561,730	-	-	-	561,730
Total net assets	<u>7,391,947</u>	<u>(29,487)</u>	<u>27,883</u>	<u>(512,751)</u>	<u>6,877,592</u>
Total liabilities and net assets	<u>\$ 13,431,976</u>	<u>\$ 10,103,094</u>	<u>\$ 6,412,853</u>	<u>\$ (2,530,436)</u>	<u>\$ 27,417,487</u>

See the independent auditor's report.



**UTEC, Inc.**  
**Consolidating Statement of Financial Position**  
**June 30, 2014**

	<u>UTEC</u>	<u>Hurren St.</u>	<u>Consolidation</u>	<u>Total</u>
<b>Assets</b>				
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	<u>1,404,462</u>	<u>1,023,116</u>	<u>(676,426)</u>	<u>1,751,152</u>
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	<u>\$ 12,089,496</u>	<u>\$ 10,147,932</u>	<u>\$ (1,886,834)</u>	<u>\$ 20,350,594</u>
<b>Liabilities and Net Assets</b>				
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	<u>1,205,859</u>	<u>44,581</u>	<u>(676,426)</u>	<u>574,014</u>
Long-term debt - net of current portion	<u>2,497,899</u>	<u>10,088,000</u>	<u>-</u>	<u>12,585,899</u>
Total liabilities	<u>3,703,758</u>	<u>10,132,581</u>	<u>(676,426)</u>	<u>13,159,913</u>
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	<u>8,385,738</u>	<u>15,351</u>	<u>(1,210,408)</u>	<u>7,190,681</u>
Total liabilities and net assets	<u>\$ 12,089,496</u>	<u>\$ 10,147,932</u>	<u>\$ (1,886,834)</u>	<u>\$ 20,350,594</u>

See the independent auditor's report.

**UTEC, Inc.**  
**Consolidating Statement of Activities**  
**For the Year Ended June 30, 2015**

	UTEC			Hurren St.	UTEC Hub	Consolidation	Total
	Unrestricted	Temporarily Restricted	Total				
<b>Operating support and revenue</b>							
Contract revenue	\$ 1,671,746	\$ -	\$ 1,671,746	\$ -	\$ -	\$ -	\$ 1,671,746
Grants and contributions	709,081	862,780	1,571,861	-	-	-	1,571,861
Rental income	266,518	-	266,518	300,370	-	(300,370)	266,518
Program service fees	231,670	-	231,670	-	-	-	231,670
Interest income	125,241	-	125,241	160	-	-	125,401
Special events	121,806	-	121,806	-	-	-	121,806
Other income	77,691	-	77,691	-	-	-	77,691
In-kind contributions	28,800	-	28,800	-	27,975	-	56,775
Investment income (loss) - net	1,901	-	1,901	-	-	-	1,901
Developer fee	68,750	-	68,750	-	-	(68,750)	-
Net assets released from restrictions	1,787,086	(1,787,086)	-	-	-	-	-
Total operating support and revenues	<u>5,090,290</u>	<u>(924,306)</u>	<u>4,165,984</u>	<u>300,530</u>	<u>27,975</u>	<u>(369,120)</u>	<u>4,125,369</u>
<b>Operating expenses</b>							
Programs	3,541,357	-	3,541,357	345,288	92	(426,970)	3,459,767
General and administrative	734,720	-	734,720	80	-	62,911	797,711
Fundraising	347,006	-	347,006	-	-	17,974	364,980
Total operating expenses	<u>4,623,083</u>	<u>-</u>	<u>4,623,083</u>	<u>345,368</u>	<u>92</u>	<u>(346,085)</u>	<u>4,622,458</u>
<b>Changes in net assets from operations</b>	467,207	(924,306)	(457,099)	(44,838)	27,883	(23,035)	(497,089)
<b>Non-operating support and revenue</b>							
Loss on sale of property and equipment	(720,692)	-	(720,692)	-	-	720,692	-
Gain on sale of tax credits	184,000	-	184,000	-	-	-	184,000
Total non-operating activity	<u>(536,692)</u>	<u>-</u>	<u>(536,692)</u>	<u>-</u>	<u>-</u>	<u>720,692</u>	<u>184,000</u>
<b>Change in net assets</b>	(69,485)	(924,306)	(993,791)	(44,838)	27,883	697,657	(313,089)
<b>Net assets - beginning of year</b>	6,899,702	1,486,036	8,385,738	15,351	-	(1,210,408)	7,190,681
<b>Net assets - end of year</b>	<u>\$ 6,830,217</u>	<u>\$ 561,730</u>	<u>\$ 7,391,947</u>	<u>\$ (29,487)</u>	<u>\$ 27,883</u>	<u>\$ (512,751)</u>	<u>\$ 6,877,592</u>

See the independent auditor's report.

**Utec, Inc.**  
**Consolidating Statement of Activities**  
**For the Year Ended June 30, 2014**

	Utec			Hurren St.	Consolidation	Total
	Unrestricted	Temporarily Restricted	Total			
<b>Operating support and revenue</b>						
Contract revenue	\$ 1,601,123	\$ -	\$ 1,601,123	\$ -	\$ -	\$ 1,601,123
Grants and contributions	739,329	1,942,636	2,681,965	-	-	2,681,965
Rental income	40,950	-	40,950	300,370	(300,370)	40,950
Program service fees	31,515	-	31,515	-	-	31,515
Interest income	124,333	-	124,333	274	-	124,607
Special events	11,333	-	11,333	-	-	11,333
In-kind contributions	47,831	-	47,831	-	-	47,831
Other income	5,352	-	5,352	-	-	5,352
Investment income (loss) - net	(7,220)	-	(7,220)	-	-	(7,220)
Net assets released from restrictions	1,267,333	(1,267,333)	-	-	-	-
Total operating support and revenue	<u>3,861,879</u>	<u>675,303</u>	<u>4,537,182</u>	<u>300,644</u>	<u>(300,370)</u>	<u>4,537,456</u>
<b>Operating expenses</b>						
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	<u>3,861,132</u>	<u>-</u>	<u>3,861,132</u>	<u>345,427</u>	<u>(328,211)</u>	<u>3,878,348</u>
<b>Changes in net assets from operations</b>	747	675,303	676,050	(44,783)	27,841	659,108
<b>Non-operating support and revenue</b>						
Grants and contributions - building	35,675	-	35,675	-	-	35,675
<b>Change in net assets</b>	36,422	675,303	711,725	(44,783)	27,841	694,783
<b>Net assets - beginning of year</b>	6,863,280	810,733	7,674,013	60,134	(1,238,249)	6,495,898
<b>Net assets - end of year</b>	<u>\$ 6,899,702</u>	<u>\$ 1,486,036</u>	<u>\$ 8,385,738</u>	<u>\$ 15,351</u>	<u>\$ (1,210,408)</u>	<u>\$ 7,190,681</u>

See the independent auditor's report.