Consolidated Financial Statements, Supplemental Schedule of Expenditures of Federal Awards and Report of Independent Certified Public Accountants

Triangle, Inc. and Affiliates

June 30, 2015 and 2014

Contents

Grant Thornton LLP
445 Broad Hollow Road, Suite 300
Melville, NY 11747-3601

T 631.249.6001
F 631.249.6144
GrantThornton.com
linkd.in/GrantThorntonUS
twitter.com/GrantThorntonUS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Triangle, Inc. and Affiliates

Report on the financial statements

We have audited the accompanying consolidated financial statements of Triangle, Inc. and affiliates (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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 consolidated 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 audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 Organization'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 Organization'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 consolidated 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 Triangle, Inc. and affiliates as of June 30, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information and the schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary 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. These additional procedures included comparing and reconciling the 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 supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Report on 2014 summarized comparative information

We have previously audited the Organization's consolidated financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 14, 2014. In our opinion, the accompanying summarized comparative information as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 15, 2015, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Grant Thornton LLP

New York, New York
December 15, 2015

TRIANGLE, INC. AND AFFILIATES
Consolidated Statement of Financial Position
As of June 30, 2015
(with Summarized Financial Information for 2014)

Assets

	2015	2014
Current assets		
Cash and cash equivalents	$ 192,860	$ 128,987
Accounts receivable, net	1,226,470	896,745
Pledges receivable, current	57,109	54,500
Grants receivable	30,000	30,000
Inventory, net	39,918	109,390
Prepaid expenses and deposits	139,079	124,076
Total current assets	1,685,436	1,343,698
Pledges receivable, net of discount, non current	15,500	61,109
Cash escrow	85,875	161,174
Deferred financing costs, net	11,006	12,095
Property and equipment, net	2,564,159	2,635,961
Total assets	$ 4,361,976	$ 4,214,037

Liabilities and Net Assets

	2015	2014
Current liabilities		
Line of credit	$ 604,975	$ 699,948
Current portion of long-term debt	34,686	42,013
Accounts payable	550,709	694,521
Accrued expenses and other current liabilities	592,313	482,280
Tenant security deposits	2,586	93,272
Total current liabilities	1,785,269	2,012,034
Other liabilities		
Long-term debt, net of current portion	750,567	748,926
Total other liabilities	750,567	748,926
Total liabilities	2,535,836	2,760,960
Net assets		
Unrestricted	1,608,740	1,175,152
Temporarily restricted	32,400	92,925
Permanently restricted	185,000	185,000
Total net assets	1,826,140	1,453,077
Total liabilities and net assets	$ 4,361,976	$ 4,214,037

The accompanying notes are an integral part of this consolidated financial statement.

TRIANGLE, INC. AND AFFILIATES
Consolidated Statement of Activities
For the Year Ended June 30, 2015
(with Summarized Financial Information for 2014)

	2015				2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenue and other support					
Support					
Contract revenue	$ 7,390,063	$ -	-	$ 7,390,063	$ 6,052,178
Contributions	1,351,335	32,400	-	1,383,735	1,954,305
Client rental income	455,094	-	-	455,094	421,526
Other income	141,014	-	-	141,014	254,325
Net assets released from restrictions	92,925	(92,925)	-	-	-
Total support	**9,430,431**	**(60,525)**	**-**	**9,369,906**	8,682,334
Other revenue					
Products enterprise income	582,240	-	-	582,240	2,056,534
Less: Cost of goods sold	(193,169)	-	-	(193,169)	(1,127,974)
Gross profit from other revenue	**389,071**	**-**	**-**	**389,071**	928,560
Total support and revenue	**9,819,502**	**(60,525)**	**-**	**9,758,977**	9,610,894
Expenses					
Program services					
Employment support	1,256,739	-	-	1,256,739	909,214
Products enterprise	123,682	-	-	123,682	407,428
Employment services	1,748,739	-	-	1,748,739	1,144,143
Residential	3,590,016	-	-	3,590,016	3,285,784
EPIC	77,480	-	-	77,480	85,340
Impact	388,255	-	-	388,255	456,864
Ablevision	60,721	-	-	60,721	107,581
FLOW	6,166	-	-	6,166	105,978
Total program services	**7,251,798**	**-**	**-**	**7,251,798**	6,502,332
Supporting services					
Management and general	1,399,320	-	-	1,399,320	1,387,628
Fundraising	734,796	-	-	734,796	817,978
Total supporting services	**2,134,116**	**-**	**-**	**2,134,116**	2,205,606
Total expenses	**9,385,914**	**-**	**-**	**9,385,914**	8,707,938
Changes in net assets from continuing operations	**433,588**	**(60,525)**	**-**	**373,063**	378,044
Loss from discontinued operations of Employ + Ability	-	-	-	-	(9,605)
Change in net assets	**433,588**	**(60,525)**	**-**	**373,063**	368,439
Net assets, beginning of year	1,175,152	92,925	185,000	1,453,077	1,821,516
Net assets, end of year	$ **1,608,740**	$ **32,400**	$ **185,000**	$ **1,826,140**	$ 2,189,955

The accompanying notes are an integral part of this consolidated financial statement.

TRIANGLE, INC. AND AFFILIATES
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2015

	Employment Support	Products Enterprise	Employment Services	Residential	EPIC	Impact	Balance Forward
Salaries and benefits	$ 851,594	$ 47,812	$ 1,051,973	$ 2,306,812	$ 52,977	$ 233,008	$ 4,544,176
Fringe benefits	52,697	919	74,947	110,742	4,077	23,682	267,064
Payroll taxes	79,543	1,850	122,186	178,534	3,875	15,964	401,952
Total salaries, fringe and taxes	983,834	50,581	1,249,106	2,596,088	60,929	272,654	5,213,192
Depreciation and amortization	58,043	13,885	47,575	77,655	-	11,800	208,958
Program supplies and materials	57,094	15,709	17,929	8,210	8,068	3,430	110,440
Occupancy	61,315	7,559	152,783	568,766	1,538	10,511	802,472
Program support	3,720	219	2,586	6,147	741	3,550	16,963
Food and kitchen	2,723	49	18,047	112,499	1,613	736	135,667
Professional fees	2,200	-	84,200	3,641	1,350	66,184	157,575
Direct care consultants	80	32,401	68,178	14,264	-	-	114,923
Transportation	52,633	52	57,966	62,941	904	9,237	183,733
Staff training	438	-	1,675	2,313	-	100	4,526
Interest	53	-	-	-	-	-	53
Insurance	28,142	2,179	34,920	92,936	1,668	7,552	167,397
Information systems	6,464	1,048	13,774	44,556	669	2,501	69,012
	$ 1,256,739	**$ 123,682**	**$ 1,748,739**	**$ 3,590,016**	**$ 77,480**	**$ 388,255**	**$ 7,184,911**

The accompanying notes are an integral part of this consolidated financial statement.

TRIANGLE, INC. AND AFFILIATES
Consolidated Statement of Functional Expenses – Continued
For the Year Ended June 30, 2015

	Balance Brought Forward	Ablevision	FLOW	Total Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 4,544,176	$ 18,089	$ 5,750	$ 4,568,015	$ 746,811	$ 427,130	$ 5,741,956
Fringe benefits	267,064	13,194	-	280,258	18,471	40,744	339,473
Payroll taxes	401,952	16,440	416	418,808	118,751	74,543	612,102
Total salaries, fringe and taxes	5,213,192	47,723	6,166	5,267,081	884,033	542,417	6,693,531
Depreciation and amortization	208,958	3,923	-	212,881	32,505	4,885	250,271
Program supplies and materials	110,440	96	-	110,536	37,890	16,717	165,143
Occupancy	802,472	3,117	-	805,589	80,793	9,178	895,560
Program support	16,963	759	-	17,722	41,481	129,960	189,163
Food and kitchen	135,667	19	-	135,686	1,118	3,646	140,450
Professional fees	157,575	1,951	-	159,526	161,616	6,970	328,112
Direct care consultants	114,923	-	-	114,923	-	-	114,923
Transportation	183,733	132	-	183,865	1,639	4,218	189,722
Staff training	4,526	-	-	4,526	4,529	40	9,095
Interest	53	-	-	53	56,216	-	56,269
Insurance	167,397	3,001	-	170,398	41,171	11,961	223,530
Information systems	69,012	-	-	69,012	56,329	4,804	130,145
	$ 7,184,911	**$ 60,721**	**$ 6,166**	**$ 7,251,798**	**$ 1,399,320**	**$ 734,796**	**$ 9,385,914**

The accompanying notes are an integral part of this consolidated financial statement.

TRIANGLE, INC. AND AFFILIATES
Consolidated Statements of Cash Flows
For the year ended June 30, 2015
(with Summarized Financial Information for 2014)

	2015	2014
Cash flows from operating activities		
Change in net assets from continuing operations	$ 373,063	$ 378,044
Change in net assets from discontinued operations	-	(9,605)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	250,271	289,362
Loss on the sale of disposed assets	1,035	58,920
(Increase) decrease in operating assets		
Accounts receivable	(329,725)	(245,328)
Pledges receivable	43,000	86,450
Grants receivable	-	20,000
Inventory	69,474	17,843
Prepaid expenses and deposits	(15,003)	23,977
Increase (decrease) in operating liabilities		
Accounts payable	(144,089)	(258,085)
Accrued expenses and other current liabilities	110,308	(145,858)
Tenant security deposits	(90,686)	(208,578)
Deferred revenue	-	(9,422)
Net cash provided by (used in) operating activities	**267,648**	**(2,280)**
Net cash used for operating activities from discontinued operations	**-**	**(9,605)**
Net cash provided by continuing operating activities	**267,648**	**7,325**
Cash flows from investing activities		
Change in cash escrow	75,299	(19,201)
Purchase of property and equipment	(178,415)	(210,589)
Net cash used for investing activities	**(103,116)**	**(229,790)**
Cash flows from financing activities		
Repayments of long-term debt and line of credit, net of proceeds	(100,659)	(40,760)
Net cash used in financing activities	**(100,659)**	**(40,760)**
Net increase (decrease) in cash and cash equivalents	63,873	(272,830)
Cash and cash equivalents - beginning of year	128,987	401,817
Cash and cash equivalents - end of year	**$ 192,860**	**$ 128,987**
Supplemental cash flows information		
Cash paid during the year for interest	$ 56,217	$ 67,356
Other noncash investing and financing activities:		
In-kind contributions	$ 4,772	$ 134,422

The accompanying notes are an integral part of this consolidated financial statement.

NOTE A - NATURE OF OPERATIONS

Triangle, Inc. and Affiliates (the "Organization") is a nonprofit organization providing services to people with disabilities within eastern Massachusetts. Through support, challenge and opportunity, the Organization empowers people with disabilities and their families to enjoy rich, fulfilling lives. The Organization is committed to helping the world recognize that we are all people with ability.

One of the affiliates, Employ + Ability, Inc., is a human service provider that provides employment opportunities for individuals with disabilities. Employ + Ability, Inc. manufactures hot and cold therapy products for the medical, sports, first aid, and safety markets and performs light contract assembly of medical devices and products. The Organization and its board members elected to discontinue the operations of Employ + Ability, Inc., a consolidated affiliate. At this time, no acquirer of this business is known. The organization was shut down by December 31, 2013. At that time, all assets of Employ + Ability, Inc. were sold.

Prior Year Summarized Financial Information

The consolidated financial statements include certain prior-year summarized financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Accordingly, such information should be read in conjunction with the Organization's audited consolidated financial statements as of and for the year ended June 30, 2014, from which the summarized information was derived.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of Triangle, Inc. and its wholly-owned subsidiaries, Employ + Ability, Inc., Impact, Inc. and Flow, Inc. (together, the "Organization"), and have been prepared in accordance with GAAP. All significant intercompany balances and transactions have been eliminated in consolidation.

Classification and Reporting of Net Assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the assets, liabilities, and net assets of the Organization are classified into three net asset classes. The classifications are related to the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets – Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or by the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The more significant estimates made by the Organization include the allowance for uncollectible accounts, net realizable value of contributions receivable and economic useful life of assets. Actual results could differ from those estimates.

Reclassifications

Certain accounts from the prior year consolidated financial statements have been reclassified to conform to the current year consolidated financial statement presentation.

Cash and Cash Equivalents

The Organization considers cash equivalents to be short-term, highly-liquid investments with original maturities of three months or less. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash and cash equivalents.

Cash Escrow

Cash escrow represents cash accounts maintained by the Organization under regulatory agreements with the United States Department of Housing and Urban Development ("HUD"), to be used as a reserve for repairs and improvements to certain properties owned by the Organization that were purchased with grants from HUD.

Accounts Receivable

Accounts receivable are carried at original invoice amount less an allowance for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of trade receivables previously written-off are recorded when received. An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Interest is not charged on accounts receivable.

Inventory

Inventory consists of various raw materials and finished goods and is stated at the lower of cost or market value. Cost is determined on the first-in, first-out method, net of reserve for obsolescence and slow moving items.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment

Property and equipment are stated at cost. Major renewals, additions, and betterments are charged to the property accounts while replacements and maintenance and repairs which do not improve or extend the lives of the respective assets are expensed in the year incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Category	Estimated Life in Years
Building and improvements	20-40
Equipment	3-5
Furniture and fixtures	7
Computer equipment	3
Leasehold improvements	5-10
Motor vehicles	3-5

Revenue Recognition

The Organization's revenue is generated from a variety of sources including state, federal, and private agency grants and contracts, sales of products, and charitable donations from private citizens, foundations, and corporations.

The programs of the Organization are principally supported by the Massachusetts Department of Mental Retardation, the Massachusetts Rehabilitation Commission, the Massachusetts Division of Medical Assistance, and HUD.

Revenue is recorded in individual programs at the rates approved by the Massachusetts Operational Services Division. Excess of revenue over expenses from Commonwealth of Massachusetts supported programs, up to certain defined limits, can be utilized by the Organization for expenditures in accordance with their exempt purposes, provided such expenditures are reimbursable under the Operational Services Division's regulations.

Products Enterprise Income

Products enterprise income represents fees for subcontract assembly and packaging work, sales of products, cafeteria sales, and supported employment revenue. Revenue is recognized when services are performed or when products are shipped, title passes, there are no uncertainties regarding customer acceptance, the sales price is fixed or determinable, and collectability is probable.

Rental Revenue

Rental revenues are recognized ratably over the term of the lease agreement.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions

Contributions, including unconditional promises to give, are recognized as receivables and revenues when pledged. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution, and nature of fundraising activity. Non cash gifts are recorded at fair value at the date of the contribution.

Contributions of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset category. A reclassification to unrestricted net assets is made to reflect the expiration of such restrictions in the year the restriction is met.

Contributions of property and equipment are presented as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the long-lived assets are acquired.

Income Taxes

Triangle, Inc. and Affiliates are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code, as amended (the Code), and are generally exempt from income taxes pursuant to Section 501(a) of the Code. The Organization is responsible for the maintenance of its tax-exempt status; identifying and reporting unrelated income; determining its filing and tax obligations in jurisdictions for which it has nexus; and identifying and evaluating other matters that may be considered tax positions. The Organization is required to assess uncertain tax positions and has determined that there were no such positions that are material to the consolidated financial statements.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Advertising Costs

The Organization expenses advertising costs as incurred. During the years ended June 30, 2015 and 2014, respectively, the Organization incurred approximately $6,320 and $15,029 of advertising costs.

Deferred Financing Costs, Net

Deferred financing costs relate to costs incurred in connection with refinancing of debt. The costs are being amortized over the terms of the related refinancing. Amortization expense for the years ended June 30, 2015 and 2014 totaled $1,089 and $1,087, respectively.

Fair Value Measurements

Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This guidance only applies when the fair value measurement of assets and liabilities is required or permitted.

Subsequent Events

Subsequent events were evaluated by management through December 15, 2015, which is the date the financial statements were available to be issued.

NOTE C - RELATED PARTY TRANSACTIONS

Included in the fiscal 2014 consolidated financial statements are the following amounts from a company in which the Organization’s senior vice president of merchandising is a member of the Board of Directors for the year ended June 30, 2014 as follows:

	2014
Contributions revenue	$ 35,000
Products enterprise income	$ 446,112

NOTE C - RELATED PARTY TRANSACTIONS - Continued

Included in the consolidated financial statements are the following amounts from a company in which the Organization's Senior Vice President is a member of the Board of Directors for the years ended June 30:

		2015		2014
Contributions revenue	$	143,120	$	1,129,400
Products enterprise income	$	40,000	$	245,569

As described in Note D, the Organization has recognized an unconditional promise to give. The gift is receivable from an Organization for which one of the members of the Organization's Board of Directors is a trustee.

The Organization also conducts business with a banking institution whose Chief Legal Counsel is one of the members of the Organization's Board of Directors.

NOTE D - PLEDGES RECEIVABLE

Unconditional promises to give (pledges) are included in the consolidated financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges are recorded after discounting at 3.25% to the present value of future cash flows.

Unconditional promises are expected to be collected at June 30:

		2015		2014
In one year or less	$	57,109	$	54,500
Between one and five years		25,500		71,109
		82,609		125,609
Less: discount		(10,000)		(10,000)
Total pledges receivable	$	72,609	$	115,609

NOTE E - GRANTS RECEIVABLE

Unconditional promises to give (grants) are included in the consolidated financial statements as grants receivable and revenue of the appropriate net asset category. Grants are recorded after discounting at 3.25% to the present value of future cash flows.

NOTE E - GRANTS RECEIVABLE - Continued

Unconditional promises are expected to be collected at June 30:

	2015	2014
In one year or less	$ 30,000	$ 30,000
Total grants receivable	$ 30,000	$ 30,000

NOTE F - INVENTORY

Inventory consists of the following at June 30:

	2015	2014
Raw materials	$ 39,918	$ 77,304
Finished goods	-	32,086
Inventory	$ 39,918	$ 109,390

NOTE G - LINE OF CREDIT

On January 31, 2008, the Organization entered into a $700,000 revolving credit note with a bank. The note is secured by all business assets of the Organization. Advances on the note bear interest at the Wall Street Journal Prime Lending Rate plus 200 basis points (5.25% at June 30, 2015). The line was set to expire on December 31, 2013, but was renewed and extended on October 30, 2014 with a new banking relationship. The lines had an outstanding balance at June 30, 2015 and 2014 of $604,975 and $699,948, respectively. The new line of credit is due on demand and the agreement is a revolving line.

NOTE H - PROPERTY AND EQUIPMENT

At June 30, property and equipment is comprised of the following:

	2015	2014
Buildings and improvements	$ 4,157,551	$ 4,041,533
Land	612,451	612,451
Furniture and fixtures	483,312	457,755
Equipment	268,023	244,829
Vehicles	361,012	361,012
Computer equipment	354,690	354,690
Total property and equipment	6,237,039	6,072,270
Accumulated depreciation	(3,672,880)	(3,436,309)
Property and equipment, net	$ 2,564,159	$ 2,635,961

Depreciation expense was $250,271 and $259,648 for the years ended June 30, 2015 and 2014, respectively. Amortization expense for deferred financing was $1,087 for June 30, 2015 and 2014, respectively.

NOTE I - LONG-TERM DEBT

Long-term debt consists of the following at June 30:

	2015	2014
9.25% note payable to the U.S. Department of Housing and Urban Development, secured by property with a depreciated net book value of $362,537. Principal and interest are payable in monthly installments of $3,029 through October 2021.	$ 173,729	$ 193,027
6.5% note payable to a financial institution with principal and interest payable in monthly installments of $1,450 through March 2031, secured by property with a depreciated net book value of $138,023. This loan was paid full in December 2014.	-	166,868
3.76% note payable to a financial institution with principal and interest payable in monthly installments of $2,677 through April 2033, secured by all business assets of the Organization. This loan was paid full in December 2014.	-	431,044
4.98% note payable to a financial institution with principal and interest payable in monthly installments of $3,617 through September 2024, secured by property with a depreciated net book value of $217,438.	611,524	-
	785,253	790,939
Less current portion	34,686	42,013
Long term debt, net of current portion	$ 750,567	$ 748,926

Scheduled maturities of long-term debt are as follows:

Years ending June 30,	
2016	$ 34,686
2017	37,131
2018	40,081
2019	43,282
2020	46,758
Thereafter	583,315
	$ 785,253

NOTE J - COMMITMENTS/CONTINGENCIES

Operating Leases

The Organization leases certain office equipment, motor vehicles, and facilities under operating leases expiring through March 2025. Rent expense under these leases was $484,301 and $436,717 for the years ended June 30, 2015 and 2014, respectively. Future payments are as follows:

Year ending June 30,		
2016	$	327,943
2017		315,647
2018		278,516
2019		196,416
2020		193,626
Thereafter		879,860
Total	$	2,192,008

Legal Contingencies

The Organization has been involved in legal proceedings and claims arising in the normal course of business. In the opinion of management, the Organization's potential liabilities relating to these proceedings, if any, would not materiality effect the Organization's financial position.

NOTE K - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the years ended June 30, 2015 and 2014 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors. During the years ended June 30, 2015 and 2014, net assets released from restrictions totaled $92,925 and $92,053, respectively.

NOTE L - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of net assets restricted for the following purposes as of June 30, 2015:

IMPACT + Ability	$	30,000
Pledge receivable		2,400
Total temporarily restricted net assets	$	32,400

NOTE L - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS - Continued

Permanently restricted net assets consist of net assets restricted in perpetuity as of June 30, 2015:

Pledges and grants	$ 185,000

Temporarily restricted net assets consist of net assets restricted for the following purposes as of June 30, 2014:

IMPACT + Ability	$ 92,925
Total temporarily restricted net assets	$ 92,925

Permanently restricted net assets consist of net assets restricted in perpetuity as of June 30, 2014:

Pledges and grants	$ 185,000

NOTE M - IN-KIND CONTRIBUTIONS

In-kind contributions received consisted of the following in fiscal years June 30:

	2015	2014
Goods	$ 4,772	$ 54,430
Donated salaries	-	30,000
Donated facilities	-	49,992
Total	$ 4,772	$ 134,422

There were also volunteer hours that have not been assigned a value as they did not meet the criteria for recognition under GAAP.

NOTE N - CONCENTRATION

The Organization received a majority of its program service revenue from contracts with the Commonwealth of Massachusetts Department of Developmental Services Commission for the years ended June 30, 2015 and 2014.

Service fee revenue from this department represents approximately 84% and 83% of the Organization's contract revenue for the years ended June 30, 2015 and 2014, respectively.

The Company limits the amount of credit exposure to any one financial institution, and routinely assesses the financial strength of its customers. As a result, the Company believes that its accounts receivable credit risk exposure is limited and has not experienced significant write-downs in its accounts receivable balances. As of June 30, 2015, there were five agencies that comprised 51% of the Organization's accounts receivable balance. As of June 30, 2014 there were two agencies that comprised 55% of the Organization's accounts receivable balance.

NOTE O - DISCONTINUED OPERATIONS

The Organization and its board members elected to discontinue the operations of Employ + Ability, Inc., a consolidated affiliate. The organization was shut down by December 31, 2013. At that time, all assets of Employ + Ability, Inc. were sold. The service was discontinued due to lack of demand and to eliminate the related costs. The Organization completed the disposal activities in January 2014. There were no material unforeseen costs accrued as of June 30, 2014.

During the year ended June 30, 2014, results from operations for Employ + Ability, Inc. resulted in a decrease in unrestricted net assets $9,605.

SUPPLEMENTAL INFORMATION

Triangle, Inc. and Affiliates
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

Federal grantor/pass-through grantor/program title	Federal CFDA number	Contract/ pass-through entity		Federal Expenditures
U.S. Department of Education Direct Programs				
Rehabilitation Services Vocational Grants to States	84.126	—	$	202,119
Supported Employment Services for Individuals with Severe Disabilities	84.187	—		160
Total U.S. Department of Education				202,279
Housing and Urban Development				
Supportive Housing for Persons with Disabilities	14.181	—		173,329
Section 8 Housing Assistance Payment Program	14.195	—		222,750
Total Housing and Urban Development				396,079
Total Federal Awards Expended			$	598,358

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activities of the Triangle, Inc. (the "Organization") for the year ended June 30, 2015. The information presented on this schedule has been prepared on the accrual basis of accounting and is in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE B – LOANS OUTSTANDING

During the year ended June 30, 2015, the Organization had the following loan balance outstanding, this loan was outstanding is also included in the federal expenditures presented in this schedule:

U.S. Department of Housing and Urban Development	
Develoment Project No. 023-ED-043	
Supportive Housing for Persons with Disabilities	$ 173,329

Grant Thornton LLP
445 Broad Hollow Road, Suite 300
Melville, NY 11747-3601

T 631.249.6001
F 631.249.6144
GrantThornton.com
linkd.in/GrantThorntonUS
twitter.com/GrantThorntonUS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Triangle, Inc. and Affiliates

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Triangle, Inc. and Affiliates (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2015.

Internal control over financial reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting ("internal control") to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001, which we consider to be a significant deficiency in the Organization's internal control.

Compliance and other matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Entity's response to findings

The Organization's response to our finding, which is described in the accompanying schedule of findings and questioned costs, was not subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we express no opinion on the Organization's response.

Intended purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

New York, New York
December 15, 2015

Grant Thornton LLP
445 Broad Hollow Road, Suite 300
Melville, NY 11747-3601

T 631.249.6001
F 631.249.6144
GrantThornton.com
linkd.in/GrantThorntonUS
twitter.com/GrantThorntonUS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
Triangle, Inc. and Affiliates

Report on compliance for each major federal program

We have audited the compliance of Triangle, Inc. and Affiliates (the "Organization") with the types of compliance requirements described in the U.S. Office of Management and Budget's *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Organization's federal programs.

Auditor's responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

The above-mentioned standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on each major federal program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on internal control over compliance

Management of the Organization is responsible for designing, implementing, and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the Organization's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

New York, New York
December 15, 2015

TRIANGLE, INC., AND AFFILIATES
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?	____	yes	x	no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	x	yes	____	none reported
Noncompliance material to the financial statements noted?	____	yes	x	no

Federal Awards

Internal control over major programs:				
• Material weakness(es) identified?	____	yes	x	no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____	yes	x	no
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	____	yes	x	no

Identification of Major Programs:

Name of federal program or cluster	CFDA #
Housing and Urban Development:	
Supportive Housing for Persons with Disabilities	14.181
Section 8 Housing Assistance Payment Programs	14.195

Dollar threshold used to distinguish between type A and type B programs:	$300,000			
Auditee qualified as low-risk auditee?	____	yes	x	no

TRIANGLE, INC., AND AFFILIATES
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Findings Related to the Financial Statements Reported in accordance with Government Auditing Standards

Finding: 2015-001, Control over pass through origination

Criteria:
Management of the Organization is responsible for establishing and maintaining effective internal controls over accounting and grant tracking.

Condition:
The Organization did not have the proper controls to determine the extent to which state grants awarded were passed-through from the federal government.

Cause:
Management of the Organization was unaware that a state award was primarily funded with federal pass through dollars.

Effect:
As a result of the testing we performed, we noted the Organization received in excess of $500,000 of funding that originated from the federal government, was passed-through the Commonwealth of Massachusetts, and therefore triggered a requirement to have an OMB Circular A-133 audit.

Recommendation:
We recommend that the Organization create a system that enables them to determine the true source of the grant funding. This will require the Organization to confirm, with each state agency, the percentage of state funding, granted by the federal government.

Response:
Triangle, Inc.'s management will confirm at each year end with each state agency and other funding sources the percentage and amount of state funding, granted by the federal government.

Findings and Questioned Costs Relating to Federal Awards

None identified for the 2015 fiscal year end.

Summary Schedule of Prior Year Findings

None identified for the 2014 fiscal year end.