

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

Triangle, Inc. and Affiliate

June 30, 2021 and 2020

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Triangle, Inc.

We have audited the accompanying financial statements of Triangle, Inc. and Affiliate (collectively the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, cash flows, and functional expenses 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 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 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 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 Affiliate as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Boston, Massachusetts
November 15, 2021

Triangle, Inc. and Affiliate

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,200,897	\$ 1,383,549
Accounts receivable, net	1,278,710	1,518,945
Prepaid expenses and deposits	208,127	64,905
	3,687,734	2,967,399
Cash and cash equivalents - internally restricted	2,913,887	3,063,082
Cash escrow	267,453	150,265
Property and equipment, net	819,166	852,610
	\$ 7,688,240	\$ 7,033,356
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Paycheck Protection Program ("PPP") loan	\$ -	\$ 1,448,520
Accounts payable	331,575	239,032
Accrued expenses and other current liabilities	561,292	459,018
	892,867	2,146,570
Total current liabilities	892,867	2,146,570
Total liabilities	892,867	2,146,570
NET ASSETS		
Without donor restrictions	6,411,470	4,580,201
With donor restrictions	383,903	306,585
	6,795,373	4,886,786
Total net assets	6,795,373	4,886,786
Total liabilities and net assets	\$ 7,688,240	\$ 7,033,356

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

Triangle, Inc. and Affiliate

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2021 (with summarized financial information
for the year ended June 30, 2020)

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND OTHER SUPPORT				
Support				
Contract revenue	\$ 9,786,482	\$ -	\$ 9,786,482	\$ 10,073,920
Contributions	192,330	437,570	629,900	793,425
Client rental income	431,991	-	431,991	428,092
Other income	153,810	-	153,810	251,626
Net assets released from restrictions - program	360,252	(360,252)	-	-
Total support	10,924,865	77,318	11,002,183	11,547,063
Total support and revenue	10,924,865	77,318	11,002,183	11,547,063
EXPENSES				
Program services				
Employment support	2,401,636	-	2,401,636	2,414,936
Employment services	883,565	-	883,565	1,622,522
Residential	4,367,093	-	4,367,093	4,265,131
Empowering People for Inclusive Committees (EPIC)	152,481	-	152,481	196,117
Impact	692,203	-	692,203	719,857
Total program services	8,496,978	-	8,496,978	9,218,563
SUPPORTING SERVICES				
Management and general	1,587,290	-	1,587,290	1,803,694
Fundraising	457,848	-	457,848	585,085
Total supporting services	2,045,138	-	2,045,138	2,388,779
Total expenses	10,542,116	-	10,542,116	11,607,342
Change in net assets from operations	382,749	77,318	460,067	(60,279)
NON-OPERATING ACTIVITY				
Gain on forgiveness of debt	1,448,520	-	1,448,520	-
Total non-operating gains	1,448,520	-	1,448,520	-
Change in net assets	1,831,269	77,318	1,908,587	(60,279)
Net assets, beginning of year	4,580,201	306,585	4,886,786	4,947,065
Net assets, end of year	\$ 6,411,470	\$ 383,903	\$ 6,795,373	\$ 4,886,786

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

Triangle, Inc. and Affiliate

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Support			
Contract revenue	\$ 10,073,920	\$ -	\$ 10,073,920
Contributions	707,085	86,340	793,425
Client rental income	428,092	-	428,092
Other income	251,626	-	251,626
Net assets released from restrictions - program	199,782	(199,782)	-
Total support	11,660,505	(113,442)	11,547,063
Total support and revenue	11,660,505	(113,442)	11,547,063
EXPENSES			
Program services			
Employment support	2,414,936	-	2,414,936
Employment services	1,622,522	-	1,622,522
Residential	4,265,131	-	4,265,131
Empowering People for Inclusive Committees (EPIC)	196,117	-	196,117
Impact	719,857	-	719,857
Total program services	9,218,563	-	9,218,563
SUPPORTING SERVICES			
Management and general	1,803,694	-	1,803,694
Fundraising	585,085	-	585,085
Total supporting services	2,388,779	-	2,388,779
Total expenses	11,607,342	-	11,607,342
Changes in net assets	53,163	(113,442)	(60,279)
Net assets, beginning of year	4,527,038	420,027	4,947,065
Net assets, end of year	\$ 4,580,201	\$ 306,585	\$ 4,886,786

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

Triangle, Inc. and Affiliate

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2021

	Employment Support	Employment Services	Residential	EPIC	Impact	Total Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 1,188,249	\$ 530,451	\$ 2,901,987	\$ 86,186	\$ 478,607	\$ 5,185,480	\$ 780,007	\$ 334,933	\$ 6,300,420
Fringe benefits	130,593	37,379	282,027	3,545	34,933	488,477	41,640	26,651	556,768
Payroll taxes	99,491	38,180	227,949	6,485	35,703	407,808	83,192	24,091	515,091
Total salaries, fringe and payroll taxes	1,418,333	606,010	3,411,963	96,216	549,243	6,081,765	904,839	385,675	7,372,279
Depreciation	35,346	16,654	49,856	311	155	102,322	21,243	1,155	124,720
Program supplies and materials	101,206	4,066	43,731	1,110	2,756	152,869	2,296	9,516	164,681
Occupancy	543,149	166,425	582,451	30,038	75,335	1,397,398	298,894	12,506	1,708,798
Program support	9,086	24,048	34,432	964	3,708	72,238	154,747	2,720	229,705
Food and kitchen	-	-	34	-	-	34	-	-	34
Professional fees	699	8,076	32,017	-	4,623	45,415	55,031	19,771	120,217
Direct care consultants	5,919	11,311	25,498	567	23,348	66,643	-	-	66,643
Transportation	122,050	4,111	40,598	-	1,863	168,622	5,363	247	174,232
Staff training	5,913	-	2,415	-	539	8,867	3,395	-	12,262
Insurance	58,413	19,776	112,080	19,776	21,051	231,096	40,201	18,618	289,915
Information systems	101,522	23,088	32,018	3,499	9,582	169,709	101,281	7,640	278,630
	<u>\$ 2,401,636</u>	<u>\$ 883,565</u>	<u>\$ 4,367,093</u>	<u>\$ 152,481</u>	<u>\$ 692,203</u>	<u>\$ 8,496,978</u>	<u>\$ 1,587,290</u>	<u>\$ 457,848</u>	<u>\$ 10,542,116</u>

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

Triangle, Inc. and Affiliate

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2020

	Employment Support	Employment Services	Residential	EPIC	Impact	Total Program Services	Management and General	Fundraising	Total
Salaries and benefits	\$ 1,460,086	\$ 990,085	\$ 2,864,101	\$ 127,069	\$ 476,745	\$ 5,918,086	\$ 780,146	\$ 385,267	\$ 7,083,499
Fringe benefits	69,784	97,848	252,122	7,656	52,781	480,191	61,359	34,498	576,048
Payroll taxes	132,288	114,744	206,774	9,414	33,665	496,885	80,879	44,708	622,472
Total salaries, fringe and payroll taxes	1,662,158	1,202,677	3,322,997	144,139	563,191	6,895,162	922,384	464,473	8,282,019
Depreciation	20,279	5,775	40,306	-	1,008	67,368	34,553	143	102,064
Program supplies and materials	67,727	77,932	24,690	6,429	9,206	185,984	102,081	7,831	295,896
Occupancy	348,230	195,263	585,552	32,932	53,838	1,215,815	228,446	44,637	1,488,898
Program support	33,918	3,741	7,320	1,386	-	46,365	-	-	46,365
Food and kitchen	3,635	1,037	73,713	135	-	78,520	1,588	149	80,257
Professional fees	37,687	27,019	14,464	940	3,274	83,384	276,444	30,212	390,040
Direct care consultants	33,919	3,741	14,641	-	40,819	93,120	91,221	13,800	198,141
Transportation	116,815	38,500	45,490	2,451	20,854	224,110	2,576	225	226,911
Staff training	4,063	6,432	5,583	75	3,297	19,450	8,147	225	27,822
Insurance	45,775	32,832	98,767	5,560	19,994	202,928	53,540	16,293	272,761
Information systems	40,730	27,573	31,608	2,070	4,376	106,357	82,714	7,097	196,168
	<u>\$ 2,414,936</u>	<u>\$ 1,622,522</u>	<u>\$ 4,265,131</u>	<u>\$ 196,117</u>	<u>\$ 719,857</u>	<u>\$ 9,218,563</u>	<u>\$ 1,803,694</u>	<u>\$ 585,085</u>	<u>\$ 11,607,342</u>

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

Triangle, Inc. and Affiliate

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Changes in net assets	\$ 1,908,587	\$ (60,279)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	124,720	102,064
Gain on forgiveness of debt	(1,448,520)	-
(Increase) decrease in allowance for doubtful accounts	(86,403)	14,077
Changes in assets and liabilities:		
Accounts receivable	326,638	(492,346)
Prepaid expenses and deposits	(143,222)	(15,187)
Accounts payable	92,543	57,308
Accrued expenses and other current liabilities	102,274	2,450
Tenant security deposits	-	(1,947)
Net cash provided by (used in) operating activities	876,617	(393,860)
Cash flows from investing activities		
Net deposits to cash escrow	(117,188)	(17)
Purchase of property and equipment	(91,278)	(431,375)
Net cash used in investing activities	(208,466)	(431,392)
Cash flows from financing activities		
Net proceeds from PPP loan	-	1,448,520
Net cash provided by financing activities	-	1,448,520
CHANGE IN CASH AND CASH EQUIVALENTS	668,151	623,268
Cash and cash equivalents, beginning of year	4,446,631	3,823,363
Cash and cash equivalents, end of year	\$ 5,114,782	\$ 4,446,631
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 5,450	\$ 3,763
Non-cash gain on forgiveness of debt	\$ 1,448,520	\$ -

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

Triangle, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1 - NATURE OF OPERATIONS

Triangle, Inc. and Affiliate (its wholly owned subsidiary, Impact, Inc.) (together, the "Organization") are nonprofit organizations 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.

Pandemic Implications

The outbreak of COVID-19 has caused disruption in operations of businesses domestically and globally. In response the Organization implemented cost savings and other measures to reduce operating expenses and ensure adequate liquidity. Due to the uncertainty of the continued spread of the virus and economic outlook, there may be short-term and long-term implications for operations of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of the Organization and have been prepared in accordance with accounting principles generally accepted in the United States of America ("US 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 two net asset classes. The classifications are related to the existence or absence of donor-imposed restrictions as follows:

Without donor restrictions net assets are not subject to donor-imposed restrictions and may be expendable for any purpose in performing the primary objectives of the Organization. This net asset class includes any net assets restricted by the Board of Directors.

With donor restrictions net assets are subject to donor-imposed or legal stipulations that will be satisfied by actions of the Organization and/or the passage of time. These net assets include all contributions for which the donor-imposed restrictions have not yet been met. Also included in this category are net assets subject to donor-imposed or legal stipulations requiring that the principal be maintained in perpetuity.

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 include 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, with approval for disbursement required to come from HUD.

Triangle, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Accounts Receivable

Accounts receivable are carried at original invoice amount less an allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and 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 accounts receivable previously written-off are recorded when received. Management considers accounts receivable 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. As of June 30, 2021 and 2020, the allowance for doubtful accounts was \$121,843 and \$35,440, respectively.

As of June 30, 2021 and 2020, there were five agencies that comprised 96% and 97% of the Organization's accounts receivable balance, respectively. The Organization limits the amount of credit exposure to any one financial institution and routinely assesses the financial strength of its customers. As a result, the Organization believes that its accounts receivable credit risk exposure is limited and has not experienced significant write-downs in its accounts receivable balances.

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:

<u>Category</u>	<u>Estimated Life in Years</u>
Building and improvements	20 - 40
Furniture, fixtures, and equipment	3 - 7
Vehicles	3 - 5
Leasehold improvements	Lesser of the term of the lease or estimated useful life

Recent Adopted Accounting Pronouncements

In fiscal year 2021, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive revenue model for entities to use in accounting for revenue arising from contracts with customers. The guidance supersedes most current revenue recognition guidance, including industry-specific guidance, and ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services, by allocating transaction price to identified performance obligations, and recognizing that revenue as performance obligations are satisfied. The Organization applied the standard using the modified retrospective transition method. This guidance did not have a material impact on the Organization's consolidated financial statements and related disclosures.

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 Organization received a majority of its program service revenue from contracts with the Commonwealth of Massachusetts Department of Developmental Services Commission. Service fee revenue from this funder represents approximately 77% and 80% of the Organization's contract revenue for the years ended June 30, 2021 and 2020, respectively.

Triangle, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Contract Revenue

Beginning in fiscal year 2020, with the adoption of ASU 2018-08 the Organization recognizes government and private contracts and grants as either contributions or exchange transaction revenues, depending on whether the transaction is reciprocal or not. For contributions, revenue is recognized when a contribution becomes unconditional, that is, when the conditions on which they depend are substantially met. Grants are evaluated as to whether they qualify as exchange transactions or contributions. Grants that are treated as exchange transactions are reported as revenue without donor restrictions when expenses are incurred in accordance with the terms of the agreement. The excess of amounts received in exchange transactions over the amount of expenditures incurred would be reflected as deferred revenues in the consolidated statements of financial position. The Organization had no deferred revenue as of June 30, 2021 or 2020.

If a contract or grant agreement contains a right of release from the respective obligation provision on the part of the grantor, and the agreement also contains a barrier to overcome, the Organization recognizes revenue for these conditional contributions when the related barrier to entitlement has been overcome. Funds received in advance of conditions being would be reported as deferred revenues in the consolidated statements of financial position. The Organization had no deferred revenue as of June 30, 2021 or 2020. At June 30, 2021, the Organization had \$515,712 of conditional grants and contracts not recognized as revenue in the statements of activities.

Contributions

Contributions, including unconditional promises to give, are recognized when pledged. Conditional promises to give are not recognized until they become unconditional. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. The Organization had no pledges receivable as of June 30, 2021 or 2020.

Contributions 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, donor-restricted net assets are reclassified to net assets without donor restrictions 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 contributions without donor restrictions.

Contributions of property and equipment are presented contributions without donor restrictions 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 contributions with donor restrictions. 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 placed in service.

Client Rental Revenue

Client rental revenues are recognized ratably over the term of the lease agreement.

Income Taxes

Triangle, Inc. and Impact, Inc. 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 required to assess uncertain tax positions and has determined that there were no such positions that are material to the consolidated financial statements.

Triangle, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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.

Use of Estimates

The preparation of consolidated financial statements in conformity with US 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 the estimates.

Recently Adopted Accounting Pronouncements

Contributions Received and Contributions Made (“ASU 2018-08”)

In July 2018, the FASB issued ASU 2018-08, clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (“ASU 2018-08”). The ASU provides (1) a framework for determining whether a particular transaction is an exchange or a contribution and (2) guidance to assist entities in determining whether a contribution is either conditional or unconditional. The ASU was effective for fiscal year 2020 for the Organization. The adoption of ASU 2018-08 did not have a material impact on the Organization’s consolidated financial statements.

Recently Issued Accounting Pronouncements

Leases

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, *Leases* (Topic 842). The new standard requires the recognition of assets (right-of-use assets) and liabilities arising from lease transactions on the statement of financial position and the disclosure of key information about leasing arrangements. Accordingly, a lessee will recognize a lease asset for its right to use the underlying asset and a lease liability for the corresponding lease obligation. Both the asset and liability will initially be measured at the present value of the future minimum lease payments over the lease term. The new guidance will classify leases as either finance or operating leases, with classification determining the presentation of expenses and cash flows on the Organization’s consolidated financial statements. For non-public entities, the amendment is effective for financial periods beginning after December 15, 2021 with early adoption permitted. The Organization is in the process of evaluating the impact of this pronouncement, which is expected to result in an increase in assets and liabilities on the consolidated statement of financial position. The Organization’s lease commitments are included in Note 8. Adoption is not expected to have a material impact on the Organization’s results of operations.

Gifts-In-Kind

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. ASU 2020-07 will be effective for the Organization for the year ended June 30, 2022.

Triangle, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statement of financial position for general expenditure are as follows as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,200,897	\$ 1,383,549
Accounts receivable to be collected during the year	<u>1,278,710</u>	<u>1,518,945</u>
Total financial assets available without restrictions	3,479,607	2,902,494
Cash and cash equivalents - restricted by the Board of Directors	<u>2,913,887</u>	<u>3,063,082</u>
Total financial assets available within one year	<u>\$ 6,393,494</u>	<u>\$ 5,965,576</u>

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Organization has available a line of credit in the amount of \$600,000, which it could draw upon.

NOTE 4 - RELATED PARTY TRANSACTIONS

The Organization conducts business with a banking institution whose Chief Legal Counsel is a member of Organization's Board of Directors. A board member of the same banking institution was also a board member of the Organization during fiscal 2020 and during the beginning of fiscal 2021

NOTE 5 - LINE OF CREDIT

The Organization has available a \$600,000 revolving credit with a bank. The line 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, 2021). The outstanding balance on this line at June 30, 2021 and 2020 was \$0. The line of credit is subject to annual renewal in December.

NOTE 6 - PAYCHECK PROTECTION PLAN LOAN

Forgivable Loan

In April, 2020, the Organization was granted a loan (the "Loan") from Brookline Bank in the aggregate amount of \$1,448,520, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act.

The Loan, which was in the form of a note dated April 6, 2020, had a scheduled maturity on April 6, 2022, bore interest at a rate of 1.00% per annum. The Organization utilized the Loan only for qualifying expenses, such as payroll costs and occupancy expenses, as described in the CARES Act. In June 2021, the U.S. Small Business Administration under the authority granted to it by the CARES Act granted the Organization full forgiveness of the Loan, which is reflected as a gain on forgiveness of debt in the accompanying statement of activities for the year ended June 30, 2021.

Triangle, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE 7 - PROPERTY AND EQUIPMENT

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

	2021	2020
Buildings, improvements, and leasehold improvements	\$ 1,348,071	\$ 1,350,930
Land	114,990	114,990
Furniture, fixtures, and equipment	1,538,532	1,510,576
Vehicles	393,800	393,800
Total property and equipment	3,395,393	3,370,296
Accumulation depreciation	(2,576,227)	(2,517,686)
Property and equipment, net	\$ 819,166	\$ 852,610

Depreciation expense was \$124,720 and \$102,064 for the years ended June 30, 2021 and 2020, respectively.

NOTE 8 - COMMITMENTS/CONTINGENCIES

Operating Leases

The Organization leases certain office equipment, motor vehicles, and facilities under operating leases expiring through June 2022. Rent expense under these leases was approximately \$1,184,146 and \$1,058,000 for the years ended June 30, 2021 and 2020, respectively. Future payments under these lease agreements are as follows:

Year ending June 30,	
2022	\$ 973,091
2023	705,012
2024	693,049
2025	539,453
2026	494,312
Thereafter	2,126,978
Total	\$ 5,531,895

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 materially effect the Organization's financial position.

Triangle, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE 9 - NET ASSETS

The Organization's net assets were available for the following purposes and consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Without donor restrictions:		
Operating net assets	\$ 3,497,583	\$ 1,517,119
Board-designated net assets	<u>2,913,887</u>	<u>3,063,082</u>
	<u>\$ 6,411,470</u>	<u>\$ 4,580,201</u>
With donor restrictions:		
Purpose restricted funds	\$ 198,903	\$ 121,585
Amount to be held in perpetuity	<u>185,000</u>	<u>185,000</u>
	<u>\$ 383,903</u>	<u>\$ 306,585</u>

NOTE 10 - SUBSEQUENT EVENTS

Subsequent events were evaluated by management through November 15, 2021, which is the date the financial statements were available to be issued.