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Chelsea Restoration Corporation

Financial Statements

For the Year Ended
December 31, 2014

Chelsea Restoration Corporation

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For the Year Ended December 31, 2014

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Independent Auditors' Report

To the Board of Directors
Chelsea Restoration Corporation
Chelsea, Massachusetts

We have audited the accompanying financial statements of Chelsea Restoration Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014 and the related 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chelsea Restoration Corporation as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

LitmanGerson Associates, LLP

Woburn, Massachusetts
September 28, 2015

Chelsea Restoration Corporation

Statement of Financial Position
December 31, 2014

Assets	
Current assets:	
Cash and cash equivalents	$ 366,287
Current portion of loans receivable	51,987
Property inventory	609,005
Other - escrow	3,382
Investments	1
Total current assets	1,030,662
Property and equipment, net	847,585
Other assets:	
Loans receivable - net of current portion	27,647
Total assets	$ 1,905,894
Liabilities and Net Assets	
Current liabilities:	
Line of credit	$ 364,000
Current portion of long-term debt	16,387
Accounts payable and accrued expenses	6,770
Due to related parties	3,873
Total current liabilities	391,030
Long-term debt - net of current portion	551,479
Total liabilities	942,509
Net assets:	
Unrestricted	692,960
Temporarily restricted	270,425
Total net assets	963,385
Total liabilities and net assets	$ 1,905,894

The accompanying notes are an integral part of the financial statements.

Chelsea Restoration Corporation

Statement of Activities
For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Grants and contracts	$ 333,889	$ 90,425	$ 424,314
Rents	161,807	-	161,807
In-kind	28,000	-	28,000
Gain on sale of property and equipment	27,643	-	27,643
Management fees	14,420	-	14,420
Contributions	8,220	-	8,220
Interest	197	-	197
Nets assets released from restriction	214,600	(214,600)	-
	788,776	(124,175)	664,601
Property rehabilitation			
Proceeds from sales of properties under receivership	725,000	-	725,000
Rehabilitation costs of properties sold	(760,915)	-	(760,915)
Loss on sales of properties under receivership	(35,915)	-	(35,915)
Total support and revenue	752,861	(124,175)	628,686
Expenses:			
Program services	397,398	-	397,398
General and administrative	54,839	-	54,839
Fundraising	21,900	-	21,900
Total expenses	474,137	-	474,137
Change in net assets	278,724	(124,175)	154,549
Net assets, at beginning of year	414,236	394,600	808,836
Net assets, at ending of the year	$ 692,960	$ 270,425	$ 963,385

The accompanying notes are an integral part of the financial statements.

Chelsea Restoration Corporation

Statement of Functional Expenses
For the Year Ended December 31, 2014

	Program Services	General and Administrative	Fundraising	Total
Compensation and related expenses:				
Salaries	$ 175,113	$ 17,319	$ -	$ 192,432
Payroll taxes	13,010	3,252	-	16,262
Fringe benefits	8,240	815	-	9,055
Total compensation and related expenses	196,363	21,386	-	217,749
Property and related expenses:				
Interest expense	39,835	402	-	40,237
Depreciation	36,302	-	-	36,302
Utilities	22,282	3,932	-	26,214
Rent expense	21,840	2,160	-	24,000
Property taxes	20,459	1,077	-	21,536
Insurance	16,611	1,444	-	18,055
Repairs and maintenance	18,010	-	-	18,010
Telephone	963	2,478	-	3,441
Property management	350	-	-	350
Total property and related expenses	176,652	11,493	-	188,145
Other operating expenses:				
Professional fees	18,126	7,063	21,900	47,089
Office	3,945	12,491	-	16,436
Certificates and training	2,312	2,406	-	4,718
Total other operating expenses	24,383	21,960	21,900	68,243
Total expenses	$ 397,398	$ 54,839	$ 21,900	$ 474,137

The accompanying notes are an integral part of the financial statements.

Chelsea Restoration Corporation
Statement of Cash Flows
For the Year Ended December 31, 2014

Cash flows from operating activities:	
Change in net assets	$ 154,549
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	36,302
Gain on sale of property and equipment	(27,643)
Non-cash payment of settlement costs from refinancing of debt	14,625
Change in operating assets and liabilities:	
(Increase) decrease in:	
Loans receivable	(9,634)
Property inventory	(306,722)
Other - escrow	3,470
Increase (decrease) in:	
Accounts payable and accrued expenses	2,247
Net cash used in operating activities	(132,806)
Cash flows from investing activities:	
Purchases of property and equipment	(25,468)
Proceeds from sale of property and equipment	40,027
Net cash provided by investing activities	14,559
Cash flows from financing activities:	
Repayments of due to related parties	(54,893)
Proceeds from long-term debt	364,000
Repayment of long-term debt	(44,285)
Net cash provided by financing activities	264,822
Net increase in cash and cash equivalents	146,575
Cash and cash equivalents at beginning of year	219,712
Cash and cash equivalents at end of year	$ 366,287
Supplemental disclosures of cash flow information:	
Cash paid during the year for:	
Interest	$ 51,648
Income taxes	$ -
Supplemental disclosures of noncash investing and financing activities:	
Repayment of debt from proceeds of sales of properties under receivership	$ 418,000
Repayment of debt from proceeds of sale of property and equipment	$ 149,974
Debt forgiven from sale of property and equipment	$ 25,000

The accompanying notes are an integral part of the financial statements.

1. Organization and Operations

Chelsea Restoration Corporation (the Organization) was founded in 1977 as a Massachusetts nonprofit organization. The Organization provides community revitalization support and services for homebuyer education, pre-purchase counseling, and down payment assistance programs (in English and Spanish) that make it possible for local low-to-moderate income residents to make informed purchases, and then effectively manage their purchase over the long-term. The Organization's home restoration programs have rehabilitated several blighted properties, which deteriorated the quality of life in their neighborhoods. In each case, the process of neighborhood revitalization can be more complex than simply rehabilitating the homes; the Organization not only manages the construction and restoration process, but also works to promote local ownership of the properties while helping low-to-moderate income individuals and families achieve their dream of home ownership. The Organization provides these services primarily in Chelsea and the surrounding metropolitan communities.

2. Summary of Significant Accounting Policies

Basis of Presentation
The financial statements have been prepared in accordance with the accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) to ensure the statements of financial position, and related statements of activities, functional expenses and cash flows are consistently reported. References to GAAP issued by the FASB in these notes are to the FASB Accounting Standards Codification (ASC).

Basis of Accounting
The Organization's financial statements have been prepared on the accrual basis of accounting. A summary of significant accounting policies applied in the preparation of the financial statements follows.

Use of Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Financial Statement Presentation
Financial statement presentation follows the recommendations of FASB ASC Topic No. 958 *Not-for-Profit Entities* (ASC 958). Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted
Unrestricted net assets include amounts that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily Restricted
Temporarily restricted net assets include amounts resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

2. Summary of Significant Accounting Policies...continued

Financial Statement Presentation...continued

Permanently Restricted
Permanently restricted net assets include amounts resulting from contributions and other inflows of assets whose use by the Organization is restricted by donor stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. There are no permanently restricted net assets held by the Organization at December 31, 2014.

Cash and Cash Equivalents
For purposes of the statement of cash flows, the Organization considers all highly liquid financial instruments with original maturities of three months or less, when purchased, to be cash equivalents.

Accounts Receivable
Accounts receivable are stated at cost, less an allowance for doubtful accounts, which is the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is provided for those accounts receivable considered to be uncollectible based upon historical experience and management's evaluation of outstanding accounts receivable at the end of the year. The Organization considers a receivable past due if payment is not received based on contractual terms. Bad debts are written-off using the direct write-off method, which is not materially different from the results that would have been obtained using the allowance method. Interest is not charged on outstanding balances. There was no accounts receivable outstanding at December 31, 2014.

Loans receivable
Loans receivable are carried at unpaid principal balances, less an allowance for loan losses. The allowance for loan losses is increased by charges to the change in net assets and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Organization's past loan loss experience, specific impaired loans, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Past due status is determined based on contractual terms. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. The Organization's practice is to charge off any loan or portion of a loan when the loan is determined by management to be uncollectible.

Property Inventory
Property inventory is recorded in the statement of financial position for all rehabilitation costs incurred on properties the Organization has been designated a receiver of by the Massachusetts Attorney General. Upon completion of the rehabilitation of the property, the Organization will attempt to recoup its accumulated rehabilitation costs through several means: (1) reversion of the property to the legal owner in exchange for reimbursement of the costs, (2) sell the property at auction with any surplus proceeds being remitted to the legal owner or (3) retain the property to be used as rental property or to sell as low-income or veteran-priority housing. Upon reversion or sale of the property, the accumulated rehabilitation costs are removed from property inventory and the gain or loss on sale of properties under receivership are reflected in the statement of activities. Upon conversion of the property to rental property, the accumulated rehabilitation costs are removed from the property inventory accounts and the costs are reflected in the statement of financial position in property and equipment.

2. Summary of Significant Accounting Policies...continued

Loans receivable...continued
Loans are placed on nonaccrual when management believes, after considering economic conditions, business conditions, and collection efforts that the loans are impaired or collection of interest is doubtful. Uncollected interest previously accrued is charged off or an allowance is established by a charge to interest income. Interest income on nonaccrual loans is recognized only to the extent cash payments are received.

Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

Property and Equipment
Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging between five to thirty-nine years. The Organization's policy is to capitalize expenditures for property and equipment in excess of $2,000 with an estimated useful life of more than one year. Expenditures for repairs and maintenance are expensed as incurred and expenditures which significantly increase values or extend useful lives are capitalized. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the asset must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Upon the disposition of property and equipment, the cost and related accumulated depreciation are eliminated from the accounts and the gain or loss thereon is reflected in the statement of activities.

Investments
The Organization has adopted FASB ASC Topic No. 958-320, *Accounting for Certain Investments Held by Not-for-Profit Organizations* (ASC 958-320). Under ASC 958-320, investments held in limited partnerships are reported at fair value using estimates provided by investment managers. Investment income (loss), which consists of interest and dividend income, realized gains and losses, and unrealized gain and losses on those investments, is included in revenues and support in the statement of activities. There was no investment income (loss) recognized by the Organization during the year ended December 31, 2014.

2. Summary of Significant Accounting Policies...continued

Fair Value Measurements
The Organization discloses the fair value of investments in accordance with FASB ASC Topic No. 820, *Fair Value Measurements* (ASC 820) (see Note 6). The framework under ASC 820 provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation Techniques
Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2014.

Investments in Limited Partnerships
Investments in limited partnerships are valued based on estimates provided by investment managers and are categorized as Level 3. There are three valuation techniques used to measure the fair value of the assets, which are as follows:

Market Approach: Uses price and other relevant information obtained from market transactions involving identical or comparable assets or liabilities.

Income Approach: Converts cash flows, earnings or other amounts to a single discounted amount, which represents the value revealed by current market expectations about those future amounts.

Cost Approach: Current replacement cost of an asset, the cost of acquiring or constructing a substitute asset with similar functionality adjusted for obsolescence.

2. Summary of Significant Accounting Policies...continued

Fair Value Measurements...continued
The fair value of the limited partnership is based on the market approach using the number of units held by the Organization and the net asset value of the limited partnership as calculated by each limited partnership. At December 31, 2014, the investment manager has determined that the market approach is the most realistic value of the investment as the determination of fair value is based on an estimate of what an informed potential buyer would pay for the interest in the limited partnership. There has been no change in the approach to valuing the investment in the limited partnership.

Revenue Recognition
Grants and Contracts Revenue
Grants and contracts revenue is recognized based on the terms of the agreement. Revenues derived from cost reimbursement grants and contracts are recognized when expenses have been incurred.

Rents
Rents are recognized as earned over the term of the agreements (see Note 10). Rents received before year end and not yet earned are recorded as deferred revenue in the accompanying statement of financial position. There was no deferred rent at December 31, 2014.

Management Fees
The Organization may recognize receivership management fees depending upon the gain or loss on the properties sold under receivership. Receivership management fees totaled $13,379 for the year ended December 31, 2014.

The Organization manages a property in the city of Chelsea and recognizes property management fees as services are rendered. Property management fees totaled $1,041 for the year ended December 31, 2014.

Contributions
Contributions, including unconditional promises to give, are recognized as revenues in the period pledged or received. Conditional promises to give are not recognized until they become unconditional, that is, at the time the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions of property and equipment and other long-lived assets are reported as unrestricted revenue and net assets, unless subject to time restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions result in reclassification of temporarily restricted net assets to unrestricted net assets when the long-lived assets are placed in service.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as a temporarily restricted or permanently restricted support depending upon the condition(s) stipulated by the donor. When a 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 are reported in the statement of activities as net assets released from restriction. However, if a restriction is fulfilled in the same fiscal year in which the contribution is received, the contribution is considered unrestricted in the year received.

2. Summary of Significant Accounting Policies...continued

Revenue Recognition...continued

In-Kind Contributions
In-kind contributions are reflected as contributions at their estimated fair value at the date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization recognizes the estimated fair value of contributed services if such services meet the following criteria:

- The services received either create or enhance nonfinancial assets, or
- The services received require specialized skills and are provided by individuals possessing those skills, and the services received would typically need to be purchased if not contributed.

Functional Allocation of Expenses
The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification.

Income Taxes
The Organization is a nonprofit organization, which is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is a public charity according to Section 170(b)(1)(A)(vi) of the IRC. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Organization accounts for the uncertainty in income taxes in accordance with FASB ASC Topic No. 740, *Income Taxes* (ASC 740), which prescribes a recognition threshold of more likely-than-not, and a measurement attribute for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the financial statements.

When necessary, the Organization accounts for interest and penalties related to uncertain tax positions as part of its provision for income taxes. The Organization does not expect that unrecognized tax benefits arising from tax positions will change significantly within the next twelve months. The Organization is currently open to audit under the statute of limitations by the Internal Revenue Service and state taxing authorities for the years ended December 31, 2011 through 2014.

3. Loans Receivable

Loans receivable consists of the following mortgage loans at December 31, 2014:

Balance at January 1	$ 70,000
Loans advanced	79,800
Repayments received	(70,166)
Balance at December 31	79,634
Less: current portion	(51,987)
Non-current portion	$ 27,647
Total past due	$ -
Total on nonaccrual status	$ -
Total past due and still accruing interest	$ -

4. Property and Equipment

Property and equipment consists of the following at December 31, 2014:

Land	$ 404,670
Buildings	572,151
Improvements	453,866
Furniture and equipment	18,934
	1,449,621
Less: accumulated depreciation	(602,036)
	$ 847,585

5. Investments

A comparison of the actual costs and fair values of investments at December 31, 2014 is as follows:

	Cost	Fair Value	Unrealized Loss
Investment held at fair value:			
Investment in limited partnership	$ 1	$ 1	$ -
Total investments	$ 1	$ 1	$ -

6. Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy, the Organization's investment at fair value on a recurring basis at December 31, 2014:

	Level 1	Level 2	Level 3	Total
Investment in limited partnership	$ -	$ -	$ 1	$ 1
Total investment at fair value	$ -	$ -	$ 1	$ 1

The following table summarizes the changes in the carrying value associated with Level 3 financial instruments carried at fair value during the year ended December 31 2014:

Balance at January 1	$ 1
Net realized and unrealized gains	-
Distributions from limited partnership	-
Balance at December 31	$ 1

7. Line of Credit

The Organization has a construction line of credit with a bank. Advances on the line are due on demand, and are secured by property in inventory located at 357 Washington Avenue, Revere, Massachusetts. The maximum amount that could be advanced under this line of credit is $395,000. The line of credit requires repayment upon the earlier of the sale of the related collateral or the maturity date of May 1, 2016. The loan requires monthly interest payments at the Wall Street Journal Prime Rate with a floor of 5% (3.25% at December 31, 2014).

8. Long-Term Debt

In January 2014, the Organization refinanced two existing loans with a bank into one loan totaling $577,000. The loan is payable in monthly principal and interest installments of $4,051 with interest at 5.75%. The loan is secured by substantially all real estate assets of the Organization and matures in May 2034.

Aggregate maturities of long-term debt for the years ending December 31st are as follows:

2015	$ 16,387
2016	17,355
2017	18,379
2018	19,465
2019	20,614
Thereafter	475,666
	$ 567,866

9. Temporarily Restricted Net Assets

At December 31, 2014, temporarily restricted net assets of $270,425 have been restricted for use on the receivership program.

10. Rents

The Organization rents apartments to individuals on a tenant-at-will basis. The cost and carrying amount of the property and equipment on the accompanying statement of financial position relates to the rental activities of the Organization.

11. In-Kind Donated Facilities and Services

In-kind donated facilities and services consist of the following at December 31, 2014:

Occupancy	$	24,000
Professional services		4,000
Total	$	28,000

12. Interest Cost

The Organization capitalizes interest cost as a component of the cost of property inventory. The following is a summary of the interest cost incurred during 2014

Interest cost capitalized	$	11,411
Interest cost expensed		40,237
Total interest cost incurred	$	51,648

13. Employee Benefit Plan

The Organization sponsors a Simplified Employee Pension Plan for eligible employees. Under the plan, eligible employees may contribute a portion of their compensation to the plan. The plan also provides for discretionary employer contributions. Employer contributions to the plan for the year ended December 31, 2014 totaled $660.

14. Concentrations of Credit Risk

Financial instruments that potentially expose the Organization to concentrations of credit risk consist principally of cash and cash equivalents, property inventory, loans receivable and grants.

The Organization maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Organization accumulates costs to rehabilitate properties, which it attempts to recoup through several means (see Note 2). Due to the nature of the properties, it is not uncommon for the Organization to not recoup all the costs incurred resulting in a loss on sales of properties under receivership. For the year ended December 31, 2014, the Organization sold one property resulting in a loss of approximately $64,000. At December 31, 2014, there were accumulated costs incurred for one property totaling 98% of total property inventory.

14. Concentrations of Credit Risk...continued

The Organization makes low-interest or non-interest bearing loans to individuals or other receivers to renovate property with varying repayment terms and collateralized by the underlying property (see Note 3). Due to the nature of the loans, it is possible the loans will not be repaid in accordance with the terms of the loan agreement. At December 31, 2014, there were two loans outstanding.

For the year ended December 31, 2014, the Organization received funding from two funding sources totaling 57% of total support and revenue.

15. Commitments and Contingent Liabilities

The Organization accumulates costs to rehabilitate properties, which it attempts to recoup through several means (see Note 2). If the property is sold at auction and incurs a gain on sale, any surplus proceeds may be required to be remitted to the legal owner. During the year ended December 31, 2014, the Organization sold one property resulting in a gain of approximately $56,000, which surplus proceeds were not subject to remission to the legal owner.

The Organization occasionally incurs additional costs on properties sold that are unknown at the time of sale. Management believes these additional costs are not reasonably estimable; therefore, the Organization does not record a contingent liability for the additional costs in the statement of financial position. During the year ended December 31, 2014, the Organization incurred approximately $27,000 of additional costs on three properties sold in prior years.

The Organization has an arrangement with one contractor to provide substantially all rehabilitation work for all properties under receivership, for which they estimate total project costs for each property. At December 31, 2014, the Organization had two properties being rehabilitated with total accumulated costs incurred to date of $609,005, with total estimated costs to be incurred not to exceed approximately $871,000 for those two properties.

16. Related Party Transactions

During March, 2013, the Organization originally borrowed $60,000 from the spouse of the executive director payable over 24 months bearing interest of 2.75% per annum. The outstanding balance of $50,000 due at January 1, 2014, was repaid in full during the year ended December 31, 2014. The Organization has not paid interest on the note payable and the unpaid interest is not expected to be paid; therefore, no amount has been recorded in the statement of financial position for the unpaid interest.

The executive director of the Organization is a board member of another nonprofit entity, which the Organization has borrowed funds from in prior years. The loan requires monthly installments of $441 through October 2015, including interest at 5.25%. During the year ended December 31, 2014, the Organization paid $4,893 of principal and $409 of interest on this loan. At December 31, 2014, the total outstanding principal due on this loan was $3,873 and was reported as due to related party on the accompany statement of financial position.

17. Subsequent Events

The Organization has evaluated subsequent events for potential disclosure or recognition through September 28, 2015, the date the financial statements were available to be issued.