Supportive Living, Inc. and Affiliate

Consolidated Financial Statements
and Independent Auditor's Report

December 31, 2014

Supportive Living, Inc. and Affiliate

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Independent Auditor's Report

To the Board of Directors
Supportive Living, Inc. and Affiliate

We have audited the accompanying consolidated financial statements of Supportive Living, Inc. and Affiliate, which comprise the consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of activities, changes in net assets, and cash flows for the year 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 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 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 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 Supportive Living, Inc. and Affiliate 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 31 to 33 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements.

The accompanying supplementary information on pages 31 to 33 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. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information on pages 31 to 33 is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

CohnReznick LLP

Boston, Massachusetts
November 16, 2015

Supportive Living, Inc. and Affiliate

Consolidated Statement of Financial Position
December 31, 2014

Current assets	
Cash and cash equivalents	$ 127,712
Accounts receivable - operations	18,958
Receivables - affiliates	63,478
Prepaid expenses and deposits	4,001
Total current assets	214,149
Deposits held in trust - funded	
Tenant deposits	2,764
Restricted deposits and funded reserves	
Reserve for replacements	27,364
Other reserve	67,702
Total restricted deposits and funded reserves	95,066
Property and equipment	
Land	1,320,498
Building and building improvements	1,483,669
Furniture, fixtures and equipment	84,841
Motor vehicles	35,404
	2,924,412
Less accumulated depreciation	(825,625)
Net property and equipment	2,098,787
Other assets	
Due from SLI Douglas House - Completion note	423,494
Developer fee due from SLI Douglas House	124,897
Developer fee due from Old Farm Inn, Inc.	107,300
Due from SLI Douglas House - operating deficit note	22,250
Total other assets	677,941
Total assets	$ 3,088,707

Supportive Living, Inc. and Affiliate

Consolidated Statement of Financial Position
December 31, 2014

Current liabilities	
Mortgage payable, current maturities	$ 9,151
Accounts payable	14,133
Accrued interest - notes payable - other	8,132
Note payable - Brookline Bank, current maturities	28,487
Notes payable - other	7,500
Total current liabilities	67,403
Deposits liability	
Tenants' security deposits	2,835
Long-term liabilities	
Note payable - Brookline Bank, net of current maturities	112,049
Notes payable - other, net of current maturities	76,235
Mortgage payable - CEDAC	500,000
Mortgage payable - HOME	254,931
Mortgage payable - Brookline Bank, net of current maturities	665,623
Total long-term liabilities	1,608,838
Total liabilities	1,679,076
Net assets	
Unrestricted net assets	1,409,631
Temporarily restricted net assets	-
Total net assets	1,409,631
Total liabilities and net assets	$ 3,088,707

See Notes to Consolidated Financial Statements.

Supportive Living, Inc. and Affiliate

Consolidated Statement of Activities
Year Ended December 31, 2014

	Unrestricted Net assets	Temporarily restricted Net assets	Total
Revenues			
Contributions and support			
General public support	$ 98,465	$ -	$ 98,465
Contributions and grants	116,950	-	116,950
Contributions - Wellness Centers	30,497	-	30,497
Special event revenue	68,716	-	68,716
Douglas Stephens Memorial	7,751	-	7,751
	322,379	-	322,379
Other income (expense)			
Lease rentals	5,400	-	5,400
Wellness Center revenue	21,965	-	21,965
Ground lease revenue	55,041	-	55,041
Management fees	19,353	-	19,353
Project rent revenue	114,899	-	114,899
Development fees	125,000	-	125,000
Interest	40	-	40
Other revenue	4,541	-	4,541
	346,239	-	346,239
Net assets released from restrictions			
Satisfaction of time and purpose restrictions (Note 5)	36,936	(36,936)	-
Total revenues	705,554	(36,936)	668,618
Expenses			
Special events	35,618	-	35,618
Marketing and advertising	10,733	-	10,733
Office expenses	12,207	-	12,207
Rent and related expenses	17,563	-	17,563
Telecommunications	3,338	-	3,338
Payroll and related expenses	138,643	-	138,643
Legal	500	-	500
Professional services	25,675	-	25,675
Other general and administrative expenses	24,851	-	24,851
Maintenance and repairs	54,779	-	54,779
Utilities	13,932	-	13,932
Insurance	20,027	-	20,027
Other program costs	77,350	-	77,350
Interest and financial charges	50,149	-	50,149
Depreciation and amortization	63,737	-	63,737
Bad debts	1,000	-	1,000
Fundraising	2,914	-	2,914
Total expenses	553,016	-	553,016
Increase in net assets	$ 152,538	$ (36,936)	$ 115,602

See Notes to Consolidated Financial Statements.

Supportive Living, Inc. and Affiliate

Consolidated Statement of Changes in Net Assets
Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Net assets, beginning of year, as previously stated	$ 2,641,163	$ 36,936	$ 2,678,099
Restatement (Note 15)	(1,384,070)	-	(1,384,070)
Net assets, beginning of year, as restated	1,257,093	36,936	1,294,029
Increase (decrease) in net assets	152,538	(36,936)	115,602
Net assets, end of year	$ 1,409,631	$ -	$ 1,409,631

See Notes to Consolidated Financial Statements.

Supportive Living, Inc. and Affiliate

Consolidated Statement of Cash Flows
Year Ended December 31, 2014

Cash flows from operating activities	
Change in net assets	$ 115,602
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:	
Depreciation	63,737
Allowance for doubtful accounts	1,000
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable - operations	(16,650)
Accounts receivable - affiliates	(21,204)
Prepaid expenses	(193)
Cash restricted for tenants' security deposits	99
Other assets	(107,300)
Increase (decrease) in liabilities:	
Accounts payable	11,668
Accrued interest payable	1,200
Net cash provided by (used in) operating activities	47,959
Cash flows from investing activities	
Net deposits to reserve for replacements	(3,100)
Net deposits to other reserves	(67,702)
Purchases of property and equipment	(78,196)
Net cash provided by (used in) investing activities	(148,998)
Cash flows from financing activities	
Principal payments on note payable	(11,314)
Proceeds from notes payable	150,000
Principal payments on mortgage note payable	(8,533)
Net cash provided by (used in) financing activities	130,153
Net increase (decrease) in cash and cash equivalents	29,114
Cash and cash equivalents, beginning of year	98,598
Cash and cash equivalents, end of year	$ 127,712
Supplemental disclosure of cash flow information	
Cash paid during the year for interest	$ 47,579

See Notes to Consolidated Financial Statements.

Note 1 - Organization

Supportive Living, Inc. ("SLI") was formed in 1991 as a 501(c)(3) corporation under Chapter 180 of the laws of the Commonwealth of Massachusetts for the purpose of investigating, funding initial studies, developing, sponsoring, and managing alternative affordable life-long residential housing projects to survivors of brain injury. SLI is the sponsor and property manager of three residential housing entities, SLI Warren House, Inc. ("SLI Warren House"), located in Woburn, Massachusetts, SLI McLaughlin House, Inc. ("SLI McLaughlin House"), located in North Reading, Massachusetts, and SLI Douglas House Limited Partnership ("SLI Douglas House"), located in Lexington, Massachusetts, which collectively provide thirty-nine units of housing.

SLI also operates the SLI Brain Injury Wellness Center, located at SLI Douglas House in Lexington. At the Center SLI provides a variety of brain injury wellness programs focused in one of three areas: physical, cognitive, or social fitness. SLI also oversees the SLI Brain Injury Research Council.

In addition, the SLI is the sponsor and developer of Old Farm Inn, Inc., a related party entity which was formed in February, 2011 to acquire property and thereafter, hold, own, develop, construct, operate, manage, and engage in other such activities incidental to the foregoing, an 8 unit affordable residential assisted living center located in Rockport, Massachusetts for physically disabled individuals particularly those who have suffered head injury. The project, known as Old Farm Rockport, was completed in March, 2014.

At Old Farm Rockport SLI operates the SLI Horticulture Center. At this location fruits and vegetables are grown for the use in all SLI programs, and made available to other brain injury and low-income individuals in surrounding communities.

SLI McLaughlin House was organized on May 26, 1999 under Chapter 180 of the laws of the Commonwealth of Massachusetts to acquire, own, construct, and operate thereon an 8-unit affordable housing rental apartment development (the "Project") located in North Reading, Massachusetts for individuals who have suffered brain injuries. Initial occupancy commenced in July, 2001.

SLI McLaughlin House has entered into a Capital Advance Agreement with the Office of Housing of the U.S. Department of Housing and Urban Development ("HUD") under Section 811 of the National Affordable Housing Act of 1990, as amended, to assist in financing the Project. In connection, under HUD's Supportive Housing for Persons with Disabilities Program, HUD has contracted with SLI McLaughlin House pursuant to a Project Rental Assistance Contract ("PRAC") to make rent subsidies available to the Project on behalf of qualified tenants. SLI McLaughlin House derives substantially all of its revenue from this residential rental housing. SLI McLaughlin House is operated pursuant to a Regulatory Agreement with HUD which places certain regulatory and restrictive covenants governing rental charges, operating policies and procedures, investment of funds, and the utilization of Residual Receipts.

SLI and SLI McLaughlin House are collectively referred to hereinafter as the Corporation unless the context dictates otherwise.

Note 2 - Summary of significant accounting policies

The following significant accounting policies have been followed in the preparation of the accompanying consolidated financial statements.

Principles of consolidation

SLI consolidates not-for-profit organizations which meet the requirements for consolidation under the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

The consolidated financial statements include the accounts of SLI and SLI McLaughlin House, which meets the requirements for consolidation. All significant intercompany accounts and transactions have been eliminated in consolidation.

The financial activity of SLI McLaughlin House has been consolidated using a fiscal year-end date of March 31, 2015. No intervening events have occurred on SLI during the period January 1, 2015 through March 31, 2015 that if recognized, would materially affect the consolidated financial position or changes in net assets.

In addition, as discussed in Note 1, SLI is the sponsor of SLI Warren House, SLI Douglas House, and Old Farm Inn, Inc. (collectively referred to as the "affiliates"). In as much as the affiliates do not meet the requirements of consolidation, they have not been consolidated into the financial statements of SLI.

Basis of presentation

The consolidated financial statements of the Corporation are presented in accordance with guidance issued by the FASB for the presentation of financial statements of not-for-profit entities. Under this guidance, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets, including Board-designated net assets, are net assets that are neither permanently nor temporarily restricted by donor-imposed restrictions. Temporarily restricted net assets have explicit or implicit donor-imposed restrictions that require the Corporation to use the assets pursuant to those restrictions or that expire by the passage of time. Permanently restricted net assets are subject to donor-imposed restrictions that are required to be maintained permanently by the Corporation. Currently, the Corporation has no permanently restricted net assets.

Method of accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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. Actual results could differ from those estimates.

Risks and uncertainties

The Corporation provides real estate management and housing development related services to four residential housing entities. The residential housing entities operate in a housing segment of the real estate market which is a subject to regulation by various federal, state, local, and lending agencies. Fees earned may be subject to limitation and the administrative directives, rules, and regulations of these agencies and may result in limited or inadequate funding being allocated to the projects. The transactions associated with these services between SLI and SLI McLaughlin House have been eliminated in consolidation. Due to the level of risk associated with these projects, it is at least reasonably possible that changes in revenues realized from management fees earned and the determination of the collectability of these fees, in addition to, the collectability of operational reimbursements and development fees due to the Corporation will occur in the near term and such changes could materially affect the Corporation's results of operations, financial position or cash flows.

Cash and cash equivalents

For purposes of the consolidated statement of cash flows, the Corporation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. As of December 31, 2014, the Corporation had cash equivalents in the approximate amount of $27,800 (Note 11).

Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are classified as cash and cash equivalents due to the absence of any donor requirement to restrict cash.

Accounts receivable - operations

Accounts receivable - operations are stated at the amount management expects to collect on balances outstanding at year end. Management closely monitors outstanding balances and writes off, as of year-end, all balances that it deems uncollectible based upon such factors as a review of outstanding receivables, historical collection experience, and existing economic conditions. Accounts receivable - operations are deemed to be fully collectible by management at December 31, 2014.

Receivables - affiliates

Receivables - affiliates consists of temporary working capital advances which were provided over the years to various affiliates of SLI. The advances are unsecured, non-interest bearing, and have no specific repayment terms. The advances are stated at the unpaid balance net of allowance for uncollectibility, if any. Management bases its estimates for uncollectibility on several factors including historical experience and the operating performance of each affiliate. Receivables - affiliates are deemed to be fully collectible by management at December 31, 2014.

Other assets

Other assets consist of long-term capital advances which were provided over the years to various affiliates of SLI. The advances are unsecured and non-interest bearing (Note 6). The advances are stated at the unpaid balance net of allowance for uncollectibility, if any. Management bases its estimates for uncollectibility on several factors including historical experience and the operating performance of each affiliate. An allowance for doubtful accounts has been recognized totaling $38,564 at December 31, 2014 (Note 6).

The Corporation's evaluation of the credit quality indicators of these financing receivables is discussed in Note 12.

Notes receivable

Notes receivable consists of a note to SLI Douglas House to the support the Corporation's goal of providing affordable housing to survivors of brain injuries. These notes are stated at the unpaid balance, net of allowance for uncollectibility, if any. Interest income is recognized as prescribed for in the note agreement. Recognition of interest is discontinued when management determines the interest will not be collectible. Management bases its estimates for uncollectible principal and interest on several factors including historical experience, operating performance of the borrower and value of the underlying collateral. Notes which are placed on a nonaccrual status must be approved by the Board of Directors.

The Corporation's evaluation of the credit quality indicators of these financing receivables is discussed in Note 12.

Property and equipment

Land is recorded at cost. Costs include those costs directly attributable to the land including the purchase price of the land and related acquisition costs. No depreciation is recognized on this asset.

The Corporation records property and equipment purchased at cost. Donated property and equipment are recorded at estimated fair market value. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method.

The Corporation follows the general practice of capitalizing all expenditures for significant renewals and betterments in excess of costs ranging from $1,000 to $2,500. The cost of maintenance and repairs is expensed as incurred. Costs incurred relating to improvements are capitalized when incurred and depreciated upon completion of the improvements.

Useful lives are estimated as follows:

	Years
Land improvements	15
Building and building improvements	7 - 40
Furniture, fixtures and equipment	5 - 10
Motor vehicle	5
Office equipment	3

Impairment of long-lived assets

The Corporation's long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that such assets may be impaired. An evaluation is performed by measuring the estimated future undiscounted cash flows (without interest charges) associated with the asset to the asset's carrying amount to determine if a write-down to fair value is required. If an impairment is present, the assets are reported at the lower of carrying value or fair value. No events or circumstances occurred or existed in 2014 which indicated that the Corporation's long-lived assets might be impaired; accordingly, there is no such provision included in the accompanying consolidated financial statements.

Revenue recognition

Lease rentals and management fees of the Corporation are recognized as rents become due and fees are earned. Rental payments received in advance are deferred until earned. All leases between the Corporation and the lessees are operating leases.

Contributions and grants

Contributions and grants are recognized when the donor makes a promise to give, that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met and the promises become unconditional. Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and / or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. 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 reported in the consolidated statement of activities as net assets released from restrictions.

Unconditional promises to give are reported at net realizable value if at the time the promise is made collection is expected to be received in one year or less. Unconditional promises to give that are expected to be collected in more than one year are reported at fair value using present value techniques and a discount rate determined by management of the Corporation. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Conditional promises to give are disclosed as future commitments. Contributions of non-monetary assets are recorded at their fair value on the date or period received.

Donated services and facilities

The Corporation employs several compensated individuals. Additionally, various organizational functions are performed under the direction of a volunteer Board of Directors. In accordance with the FASB, donated services that create or enhance a non-financial asset or require specialized skills are recognized as revenue at estimated fair value when the service is rendered. During the year ended December 31, 2014, the value of contributed services meeting the requirements under the FASB was not material and has not been reflected in the accompanying consolidated financial statements.

In addition, individuals volunteer their time and perform a variety of tasks that assist the Corporation with specific programs and various committee assignments, but these services do not meet the criteria for recognition as contributed services under FASB.

In connection with the renting of its office facilities, the Corporation recognizes the use of the contributed facilities at fair value (Note 7).

Compensated absences

Employees of the Corporation are entitled to paid time off. Management believes that these unrecorded costs are not material to the financial statements and, accordingly, no liability has been reflected in the accompanying consolidated financial statements at year end.

Advertising and marketing

Advertising and marketing costs are expensed when incurred. Advertising and marketing costs incurred by the Corporation in 2014 totaled $10,733.

Income taxes

The Internal Revenue Service has determined that SLI and SLI McLaughlin House qualify as tax-exempt organizations under section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. The Corporation may be subject to federal taxation in future periods to the extent of its unrelated business income tax ("UBIT"). During the year ended December 31, 2014, the Corporation's revenues were realized from exempt activities.

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition in the consolidated financial statements. Management does not believe its evaluation of tax positions will significantly change within twelve months of December 31, 2014. Any changes in tax positions will be recorded when the ultimate outcome becomes known. SLI's income tax returns are subject to examination by taxing authorities generally for three years preceding the year ended December 31, 2014. SLI McLaughlin House's tax returns are subject to examination by taxing authorities generally for three years preceding the year ended March 31, 2015.

The Corporation recognizes interest and penalties imposed by taxing authorities in operating expenses. For the year ended December 31, 2014, the Corporation recognized no interest or penalties in the accompanying consolidated financial statements.

Functional expenses

The cost of providing various programs and other activities are summarized on a functional basis as follows:

Program services		$ 280,974
Supporting services		
Fundraising		38,532
Management and general		
Legal	$ 500	
Professional services	25,675	
Payroll and related expenses	138,643	
Rent and related expenses	17,563	
Office expenses	12,207	
Other administrative expenses	38,922	233,510
Total expenses by function		$ 553,016

Note 3 - Mortgages payable

The following mortgage notes payable relate to SLI:

Mortgage note payable - Brookline Bank

SLI executed a mortgage note dated December 14, 2007 in the principal amount of $600,000 for the purpose of permanently financing the SLI Douglas House property acquisition. Commencing in January, 2008, the terms of the note provide for monthly installments of interest and principal at an interest rate of 6.84% per annum based upon an amortization period of thirty years. On October 14, 2011, SLI entered into a Loan Modification Agreement which (i) increased the principal loan balance from the then outstanding balance of $573,873 to $700,000, (ii) decreased the interest rate to 6.73% per annum, and (iii) reset the thirty year amortization period. The note, as amended, provides for current monthly installments of interest and principal of $4,527. The note matures on December 14, 2027 at which date all unpaid principal, including a balloon payment in the approximate amount of $491,000, and accrued and unpaid interest is due and payable. The note is secured by a Mortgage, Security Agreement and Assignment of Leases and Rents (and Rider thereto), which collateralizes all real and personal property of SLI Douglas House and an interest in and to the Ground Lease (Note 6). The note is subordinate to the HUD Regulatory Agreement and HUD Use Agreement (Note 6). The mortgage note may be prepaid at any time, accompanied by a prepayment fee as more fully described in the loan agreement. In the event of default, as more fully described in the loan documents, interest shall accrue at 5% per annum in excess of the 6.73% interest rate. As of December 31, 2014, the outstanding principal balance amounted to $674,774. Interest expense incurred in 2014 totaled $45,790.

As of December 31, 2014, SLI's aggregate principal maturities (such obligations consisting only of the long-term debt related to the Brookline Bank mortgage note payable) for each of the next five years and thereafter, are as follows:

Year	Amount
2015	$ 9,151
2016	9,787
2017	10,466
2018	11,192
2019	11,969
Thereafter	622,209
	$ 674,774

Promissory note payable - Brookline Bank
In 2007, SLI received a $300,000 conditional direct subsidy under the Affordable Housing Program ("AHP") of the Federal Home Loan Bank of Boston ("FHLBB") for the purpose of permanently financing the acquisition cost of SLI Douglas House. In consideration, SLI executed a $300,000 promissory note on September 26, 2007 with Brookline Bank which requires SLI Douglas House to be owned and operated with the approved level of performance committed to in the Affordable Housing Program Agreement dated August 30, 2007 between SLI, SLI Douglas House, Brookline Bank, and the FHLBB.

The note is secured by all real and personal property of SLI Douglas House as evidenced by a Mortgage and Security Agreement (and Rider thereto). The mortgage is subject to and subordinate to the HUD Capital Advance Mortgage Note (Note 6). These agreements impose income eligibility and affordability restrictions upon SLI Douglas House, and place certain covenants governing the use, transfer, sale, rental, and refinancing of SLI Douglas House for a period of fifteen years through August 12, 2023 (the "Retention Period"), upon which, the note shall be deemed satisfied and released. In the event of noncompliance, other default, or the sale or refinancing of SLI Douglas House prior to the expiration of the Retention Period, the amount of the loan to be repaid, including interest, will be determined by the FHLBB, and shall be due and payable by the Corporation, or SLI Douglas House, subject to terms and conditions more fully described in these agreements.

The proceeds of the loan have been accounted for as unrestricted net assets in the accompanying consolidated financial statements since SLI Douglas House's intention is to make housing available to income qualified and eligible individuals in accordance with these agreements. However, the loan is a contingent liability until discharged by Brookline Bank.

Mortgage note payable - Town of Lexington
In 2007, SLI received a $300,000 conditional appropriation in Community Housing Reserve of the Community Preservation Funds from the Town of Lexington for the purpose of funding development costs of SLI Douglas House. The funding is memorialized by a Community

Preservation Act ("CPA") mortgage note and Grant Agreement, each dated December 14, 2007, which place certain income and affordable housing restrictions on SLI Douglas House for a period of fifty years. The note is secured by all real and personal property of SLI Douglas House as evidenced by a Mortgage, Security Agreement, and Conditional Assignment of Leases and Rents (and Rider thereto). The mortgage is subject to and subordinate to the HUD Capital Advance Mortgage Note (Note 6). In the event of noncompliance or other default as more fully described in these agreements, the entire loan received and interest shall be due and payable. In such event, terms provide that interest, at the default rate as defined therein, shall compound annually from the date funding is first received (the "Disbursement Date") and, thereafter, for a period of five years, upon which, interest ceases to accrue. So long as these repayment requirements have not been triggered, and the affordability housing restriction granted by the Town of Lexington is in effect and enforceable, SLI's obligation to pay principal and interest terminates on the tenth anniversary of the Disbursement Date. No principal or interest shall be due or payable without the approval of HUD.

The proceeds of the loan have been accounted for as unrestricted net assets in the accompanying consolidated financial statements since SLI Douglas House's intention is to make housing available to income qualified and eligible individuals in accordance with these agreements. However, the loan is a contingent liability until discharged by the Town of Lexington.

The following mortgage notes payable relate to SLI McLaughlin House:

In connection with the acquisition and development of the Project, on July 17, 2000, SLI McLaughlin House executed non-recourse mortgages discussed further below. These mortgage loans are secured by the underlying value of SLI McLaughlin House's real estate and related personal property, and an assignment of leases and rents. In addition, SLI has guaranteed payment and performance of SLI McLaughlin House's obligations under the CEDAC note agreement.

Capital Advance
SLI McLaughlin House received a Capital Advance under Section 811 of the National Affordable Housing Act of 1990, as amended, from HUD in the principal amount of $437,100. The advance provided permanent financing in the form of a 40 year mortgage note that bears no interest and need not be repaid as long as housing remains available to income qualified and eligible individuals through February 1, 2041, the maturity date of the note, at which time, the note shall be deemed to be paid and discharged. The proceeds received have been accounted for as unrestricted net assets since SLI McLaughlin House's intention is to make housing available to income qualified and eligible individuals consistent with HUD's requirements. However, the advance is a contingent liability until discharged by HUD.

In the event of default, as defined under the terms of the Capital Advance Mortgage Note and Regulatory Agreement, the entire principal sum shall become due and payable at once, and interest at a rate of 6.25% per annum shall be payable on demand with respect to the payment of principal.

Community Economic Development Assistance Corporation - HIF loan
SLI McLaughlin House executed a Housing Innovations Fund ("HIF") II mortgage loan in the original and outstanding amount of $500,000 with the Community Economic Development Assistance Corporation ("CEDAC"), an agency of the Commonwealth of Massachusetts, which provided for simple interest at the rate of 5% per annum on the outstanding principal balance. In August 2005, the mortgage note was amended to provide that no interest shall accrue on the outstanding principal balance retroactive to the original date of the note and through maturity. Principal is payable annually to the extent and in the amount that Gross Cash Receipts, as defined, exceeds 105% of Cash Expenditures, as defined; otherwise, no interest or principal payments is due until the July 17, 2030 maturity date of the loan. Management has calculated that there is no payment due on this obligation for the year ended March 31, 2015. However, in the event any first mortgage loan made by HUD remains outstanding at the maturity date, the maturity date shall be extended to a date which is 30 days after the date upon which the HUD loan has been repaid. At the time of maturity, CEDAC may extend the maturity date for one or more periods of up to 10 years so long as the Project continues to adhere to all provisions relating to housing affordability as set forth in the Development Loan Agreement and Land Use Restriction Agreement. The mortgage may not be prepaid in whole, or in part, at any time without the consent of the holder. This mortgage loan is subordinate to the HUD Capital Advance.

Department of Housing and Community Development Loan - HOME loan
SLI McLaughlin House executed a non-interest bearing mortgage loan in the original and outstanding amount of $254,931 with the Massachusetts Department of Housing and Community Development ("DHCD") under the HOME Investment Partnership Program. No payment of principal is due until maturity on July 17, 2030. However, in the event any first mortgage loan made by HUD remains outstanding at the maturity date, the maturity date shall be extended to a date which is 30 days after the date upon which the HUD loan has been repaid. During the one-year period prior to the maturity date, SLI McLaughlin House may request an extension for a period of up to the original term of the loan in order to maintain the affordability of the Project. This loan is subordinate to the HUD Capital Advance and CEDAC loans.

Note 4 - Notes payable

Note payable - bank
SLI McLaughlin House executed a note, dated November 19, 2014, in the original amount of $150,000 with Brookline Bank, the proceeds of which are being used to finance the replacement of the building's sprinkler system. This note is secured by any and all deposits or other sums, including any deposit accounts, held by the lender. In addition, SLI, an affiliate, has guaranteed payment and performance of the Corporation's obligations under the note agreement. The loan bears interest at a rate of 4.125% per annum on the outstanding principal balance. Terms require monthly principal and interest payments of $2,813 through maturity on October 19, 2019. SLI McLaughlin may prepay, without penalty or premium, all or any portion of the unpaid principal balance at any time. As of March 31, 2015, the outstanding principal balance on this note amounted to $140,536.

Aggregate annual maturities of this loan for the five years ending March 31, 2016 and thereafter are as follows:

Fiscal Year	Amount
2016	$ 28,487
2017	29,685
2018	30,933
2019	32,233
2020	19,198
	$ 140,536

Notes payable - other

In prior years, SLI entered into promissory notes with various Board officers and members for the purpose of funding pre-development costs of SLI Douglas House. The notes were schedule to mature at various dates ranging from January 31, 2008 to March 8, 2009, and have not been formally extended. As of December 31, 2014, total principal due on the promissory notes totaled $83,735. The notes are unsecured. Two of the notes are noninterest-bearing and one note bears simple interest at 8% per annum.

Terms of one of the notes provides for a 3% late charge on the unpaid principal and interest. Interest has not been imputed on the noninterest-bearing loans as required under U.S. generally accepted accounting principles because the amount has not been recorded as it is not material to the accompanying financial statements.

In 2014, principal payments of $1,850 were made. Interest expense incurred in 2014 totaled $1,200. As of December 31, 2014, accrued interest payable totaled $8,132. No interest was paid in 2014.

Note 5 - Temporarily restricted net assets

During 2014, temporarily restricted net assets of the Corporation were restricted for the Douglas Stephens Memorial Fund. The Douglas Stephens Memorial Fund provides resources to enhance the quality of life for the residents at the houses. During 2014, net assets were released from donor restrictions by incurring expenses satisfying the purpose and / or time restrictions specified by the donors.

Temporarily restricted net assets activity for 2014 is summarized as follows:

	Douglas Stephens Memorial Fund
Balance, January 1, 2014	$ 36,936
Contributions	7,751
Interest earned, net of bank service charges	(146)
Purpose releases	(44,541)
Balance, December 31, 2014	$ -

Note 6 - Related party transactions

Receivables - affiliates

SLI, the management agent, provides property management services to its affiliated organizations, SLI Douglas House, SLI McLaughlin House, SLI Warren House, and Old Farm Inn, Inc. Management fees earned for the affordable housing projects are based on a percentage of the residential income collected by each organization. Management fees earned for Old Farm Inn, Inc. are earned based on a flat monthly fee. In addition, SLI is reimbursed by each organization for payroll and payroll related expenses and certain reimbursable operating expenses incurred by the organizations, including bookkeeping charges. In addition, SLI may periodically advance funds to the affordable housing projects for payment of project operating expense obligations as the obligations become due. Management and other fees earned during the year ended December 31, 2014 totaled $19,353. As of December 31, 2014, SLI had outstanding management fees and operating advances receivable totaling $57,727 (excluding the amount receivable from SLI McLaughlin House as this receivable has been eliminated in the accompanying financial statements).

The Corporation is the sponsor and developer of Old Farm Inn, Inc. (a Massachusetts non-profit organization), and is a related party by virtue of sharing a director common to both Board of Directors. Development activities have been overseen by the Corporation and have consisted primarily of assembling a development team; coordinating and supervising aspects of pre-development, including preliminary activities relating to zoning, plan design, and pre-construction; coordinating and supervising other professionals involved in the development and substantial renovation of the project; and obtaining construction financing proposals and permanent funding offers and commitments from the private and public sectors, among other commitments necessary for the project. The Corporation is reimbursed for its development overhead.

In 2014, reimbursable development overhead and reimbursable operating expenses incurred by the Corporation on behalf of Old Farm Inn, Inc. totaled $13,262. As of December 31, 2014, the balance of development overhead due from Old Farm Inn, Inc. totaled to $3,275.

The Corporation incurs reimbursable operational expenses on behalf of 291 Granite Street, LLC, a nonprofit corporation which owns property that adjoins the property of Old Farm Inn, Inc. In 2014, reimbursable operational expenses incurred totaled $91. As of December 31, 2014, the balance of reimbursable operating expenses due from 291 Granite Street, LLC amounted to $2,476.

Due from SLI Warren House

SLI has provided SLI Warren House with working capital advance support over the years to fund certain construction and development costs, the purchase of furniture and fixtures, and operating costs. These advances are unsecured, non-interest bearing and have no specific repayment terms. SLI expects to seek reimbursement as the affiliate accumulates Residual Receipts; however, collection of any funds advanced is contingent upon the economic conditions and the financial condition and results of operations of this debtor among other inherent uncertainties, including HUD's approval (in accordance with agreements which this organization has entered into with HUD). Accordingly, it is reasonably possible that the Corporation may not recover some or all of the support provided to the organization. As of December 31, 2014, SLI Warren House had not accumulated any Residual Receipts. During 2014, additional advances of $1,000 were made to SLI Warren House. Total working capital advances to SLI Warren House totaled $38,564 as of December 31, 2014. As of December 31, 2014, management of SLI has recognized an allowance for doubtful accounts for this full amount given the uncertainty of collection.

Due from SLI Douglas House - Completion note

As of December 31, 2014, construction and development costs incurred by SLI Douglas House are due to SLI in the amount of $423,494. These advances, net of any new sources of funding or refinancing proceeds which may be subsequently secured by SLI Douglas House, are evidenced by a Completion Note which was executed in June, 2010 in the original amount of $441,994. The Completion Note is unsecured, non-interest bearing and repayable solely from refinancing proceeds and / or sale proceeds as more fully described in the Partnership Agreement of SLI Douglas House. No additional funds were advanced to SLI Douglas House by the Corporation in 2014. The Completion Note is expected to be amended to reflect the current balance.

Developer fees

Pursuant to the Development Services Agreement, for its performance of services in connection with undertaking the development of SLI Douglas House, coordinating, supervising and overseeing the rehabilitation and construction of SLI Douglas House, SLI (the developer) earned a development overhead and a development fee in the amount of $323,862. Terms of payment provide that the Development Fee was payable in the amount of $80,966 from the proceeds of the 1st Installment of the Investor Limited Partner capital contributions, and thereafter, in the amount of $6,747 monthly during a consecutive twelve month period. The balance was payable from the proceeds of the 5th Installment of the Investor Limited Partner capital contributions to the extent the proceeds of the installment were not required to pay other costs relating to the development of SLI Douglas House, including funding of the Operating Deficit Escrows or the replacement reserves as more fully described in SLI Douglas House's Partnership Agreement.

To the extent that funds were not available to pay the entire Development Fee on or before thirty days after the payment of the 5th Installment of the Investor Limited Partner capital contributions (said installment being received in 2011), any unpaid portion would be evidenced by a Development Fee Note and is payable from Available Cash, as defined, in the priority set forth in the definition of Priority Payments, as defined, or refinancing proceeds or sale proceeds, as more fully described in SLI Douglas House's Partnership Agreement, provided that the Development Fee Note is unconditionally due and payable no later than the tenth anniversary of the "Completion Date". The Development Fee Note is non-interest bearing. In the event that the Development Fee Note has not been fully paid by the tenth anniversary of the "Completion Date", the General Partner of SLI Douglas House shall make a capital contribution to SLI Douglas House in the amount necessary to pay the balance of the Development Fee Note.

As of December 31, 2014, development fees receivable from SLI Douglas House totaled $124,897. No payments were received in 2014. The balance of the development fees receivable are expected to be converted to a Development Fee Note.

In July, 2014, the Board of Directors of Old Farm Inn, Inc. approved a development fee in the amount of $125,000 payable to SLI as the sponsor and developer. It is expected that a development fee note will be executed between SLI and Old Farm Inn, Inc. in 2015. Payment of the developer overhead amount is anticipated to be funded from proceeds received from unrestricted donations to Old Farm Inn, Inc. beginning in fiscal 2015. During 2014, payments totaling $17,700 were received from Old Farm Inn, Inc. As of December 31, 2014, the balance of the development fee receivable amounted to $107,300.

Due from SLI Douglas House - operating deficit note

In prior years, SLI advanced funds to SLI Douglas House to fund operating deficits. SLI did not advance any funds to SLI Douglas House to fund operating deficits in 2014. As of December 31, 2014, the balance of operating deficit funds advanced to SLI Douglas House and due to SLI totaled to $22,250, which balance is expected to be converted to an Operating Deficit Note.

Capital Advance - HUD

SLI executed a Capital Advance Mortgage Note with HUD dated December 14, 2007 under the Supportive Housing for Persons with Disabilities Program to provide substantial construction financing for 9 of the rental units at SLI Douglas House under Section 811 of the National Affordable Housing Act of 1990, as amended, in the maximum revised amount of $1,157,600. The advance provides permanent financing in the form of a 40 year mortgage note that bears no interest and need not be repaid as long as housing remains available to income qualified and eligible disabled individuals through August 1, 2048, the maturity date, upon which, the advance shall be deemed to be paid and discharged. The note may not be prepaid prior to maturity without the approval of HUD. In connection with securing the proceeds of the Capital Advance, SLI Douglas House and SLI entered into a Regulatory Agreement and Use Agreement with HUD which place certain regulatory and restrictive covenants upon the use, occupancy, transfer, operations and maintenance of the Project and the nine (9) Section 811 rental units in accordance with the applicable HUD regulations for a minimum of 40 years. In the event of default, as defined under the terms of the Capital Advance Mortgage Note and Regulatory Agreement, the entire principal sum shall become due and payable at once to HUD, and interest at a rate of 5.25% compounded per annum shall be payable on demand with respect to the repayment of principal.

The proceeds of the loan have been accounted for as unrestricted net assets in the accompanying consolidated financial statements since SLI Douglas House's intention is to make housing available to income qualified and eligible individuals in accordance with all applicable HUD regulations. However, the loan is a contingent liability until discharged by HUD.

Under certain agreements including the Capital Advance Agreement dated November 2, 2007 between SLI, SLI Douglas House, and HUD, SLI loaned the proceeds of the Capital Advance to SLI Douglas House under terms which provide for repayment of principal and interest on August 1, 2048, the maturity date, as long as the low-income restriction on the 9 units remains in place and no default exists under the related note or Regulatory Agreement. SLI Douglas House's obligation is evidenced by a Section 811 Leasehold Mortgage Note dated December 14, 2007 which provides for interest at the rate of 4.72%, compounded annually. The note may not be prepaid prior to maturity without the approval of SLI. SLI's security interest, the building and improvements upon the leased premises, as more fully described in the Leasehold Mortgage, Deed of Trust, or Security Deed, and the Security Agreement, have been granted and collaterally assigned to HUD pursuant to the Collateral Assignment of Leasehold Mortgage and 811 Loan Documents dated December 14, 2007.

As of December 31, 2014, the mortgage note receivable amounted to $1,157,600, with accrued interest thereon in the amount of $306,204. Management of SLI recognized an allowance for doubtful accounts for the full principal and accrued interest balance outstanding as of December 31, 2013 in the amount of $1,463,804 (Note 15). In addition, effective January 1, 2014, the recognition of interest on this note has been discontinued as the collectability is in doubt.

Ground lease

SLI (as Landlord) is leasing the land upon which SLI Douglas House is located to SLI Douglas House pursuant to a 99 year Ground Lease and Conveyance of Fee to Improvements entered into during August, 2007. In connection therewith, a Deed of Improvements was executed granting all right, title and interest in the buildings and improvements thereto, as currently existing and as rehabilitated, to SLI Douglas House. The lease is subordinate to the Brookline Bank mortgage loan (Note 4). The Corporation is accounting for the lease as an operating lease and recognizing lease rents in the amount of $55,041 annually, which approximates the recognition of lease rents on the straight-line basis over the term of the lease. The cost of the property that is leased to SLI Douglas House and the accumulated depreciation amounts to $5,655,248 and $1,046,500, respectively, at December 31, 2014.

The lease requires a fixed annual base rent of $55,041 commencing on and first becoming payable, in monthly installments of $4,587, on the Ground Lease Fee Commencement Date, which occurred on April 1, 2010. Monthly payments are due through expiration of the original

99 year lease term. For the year ended December 31, 2014, lease revenue to the Corporation totaled $55,041.

The lease provides that SLI Douglas House shall be subject to terms of the financing agreements entered into with the Permitted Mortgagees, as defined, and may mortgage its interest in the leased premises and improvements thereon to other mortgagees under conditions provided therein. In addition, SLI Douglas House is responsible for the payment of all costs associated with the operation and maintenance of the leased property. The lease provides for a 99 year renewal option.

Future minimum rental payments under this operating lease for each of the next five years ending December 31 and thereafter are as follows:

Year	Amount
2015	$ 55,041
2016	55,041
2017	55,041
2018	55,041
2019	55,041
Thereafter	4,782,837
	$ 5,058,042

Note 7 - Leasing arrangements

SLI is a tenant-at-will at its Woburn, Massachusetts office and is renting the facilities on a monthly basis. The fair value of the rent expense for the facilities amounted to $16,950 in 2014, which has been recognized as a contribution in the accompanying consolidated statement of activities.

Effective August 1, 2007, SLI entered into a rental agreement with the on-site health service and supportive care provider to the residents of SLI Warren House, Inc. and SLI McLaughlin House, Inc., which provides for the use of SLI's handicap accessible van and office equipment. The agreement is for a five year term, with automatic renewal for successive five years terms unless terminated by either party in accordance with the terms of the agreement. Collectively, rent was $950 a month. Effective January 1, 2012, the portion of rent related to the office equipment is no longer assessed and rent is solely for the handicap accessible van in the amount of $450 a month. Rental income recognized in connection with this agreement amounted to $5,400 in 2014.

Note 8 - Project Rental Assistance Contract

HUD has contracted with SLI McLaughlin House pursuant to a Project Rental Assistance Contract ("PRAC"), dated May 1, 2001, to make rent subsidies available to SLI McLaughlin House on behalf of qualified tenants covering eight units. The contract is for a term of 20 years, but is subject to annual appropriations. This program restricts assistance to those residents who qualify by meeting certain HUD established criteria, including maximum income limitations.

The Project is economically dependent on the income received from this agreement. For the year ended March 31, 2015, PRAC assistance was $80,065, which represented approximately 70% of net rental revenue. PRAC payments shall only be made from budget authority appropriated by the U.S. Congress and available for this purpose.

Note 9 - Land use agreements

In connection with the loan agreements executed with HUD, CEDAC, and DHCD, SLI McLaughlin House has entered into certain land use restriction agreements which place certain regulatory and restrictive covenants governing the affordable housing use, operations, maintenance, occupancy and transfer of the Project. The Agreement with HUD is for a period of forty years expiring in 2040. The Agreement with CEDAC provides that the restrictions will be released upon payment in full of all of SLI McLaughlin House's obligations to CEDAC. The Agreement with DHCD is for a term of 30 years. Notwithstanding the foregoing, the DHCD Agreement provides that the affordability restrictions shall not be limited in duration by any rule or operation of law and that their restrictions and covenants are intended to run with the land.

Note 10 - Current vulnerability due to certain concentrations

SLI McLaughlin House's sole asset is an eight-unit apartment complex. SLI McLaughlin House's operations are concentrated in the multifamily real estate market. In addition, SLI McLaughlin House operates in a heavily regulated environment. The operations of SLI McLaughlin House are subjected to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with change.

Note 11 - Concentration of credit risk and funded reserves

The Corporation maintains its cash and cash equivalents' balances at various financial institutions with operating locations in Massachusetts. The cash balances for each organization are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000.

The Corporation's cash balances fluctuate throughout the year and may exceed the FDIC insurance limits from time to time. The Corporation has not experienced any losses on its accounts, and monitors the credit-worthiness of the financial institutions with which it conducts business. At December 31, 2014, the uninsured cash and cash equivalents' balance of the Corporation, which consisted of funds held on account at Merrill Lynch, was approximately $27,800. Management does not believe that the Corporation is exposed to any substantial credit risk with respect to its cash and cash equivalents' balances.

Reserve for replacements

Under terms of SLI McLaughlin House's Regulatory Agreement, SLI McLaughlin House is obligated to create a reserve fund for replacements for application toward the cost of unusual or extraordinary maintenance or repairs, renewals or replacements with the prior permission of HUD. As of March 31, 2015, the required monthly deposit to the replacement reserve was $800.

As of March 31, 2014, SLI McLaughlin house was holding $4,900 of funds that were required to be deposited to the replacement reserve. In January 2015, these funds were restored to the replacement reserve.

Other reserve

SLI McLaughlin House has also established a self-funded repairs reserve in order to sufficiently fund certain replacement and repairs to the Property. This account was funded with the proceeds of the Brookline Bank loan (see Note 4). The account is held and controlled by SLI McLaughlin House. At March 31, 2015, SLI McLaughlin's reserve fund totaled $67,702 and is reflected as other reserve on the accompanying consolidated statement of financial position.

Residual receipts reserve

In addition, under terms of the Regulatory Agreement, SLI McLaughlin House is required to establish and maintain a Residual Receipts fund to the extent of surplus cash, as defined by HUD, realized from operations of the mortgaged property. Surplus cash is required to be deposited within 60 days of the SLI McLaughlin House's fiscal year-end. As of March 31, 2014, SLI McLaughlin House had no surplus cash; accordingly, there was no Residual Receipts funding requirement during the year ended March 31, 2015.

Note 12 - Financing receivables, credit quality

In accordance with FASB guidance, the Corporation has evaluated the credit quality indicators of financing receivables held at December 31, 2014 as follows:

	Performing	Nonperforming
SLI Douglas House		
Completion note	$ 423,494	$ -
Developer fee	124,897	-
Operating deficit note	22,250	-
Capital Advance note	-	1,157,600
Accrued interest - Capital Advance note	-	306,204
	570,641	1,463,804
SLI Warren House		
Advances receivable	-	38,564
Old Farm Inn, Inc.		
Developer fee	107,300	-
Total	$ 677,941	$ 1,502,368

All financing receivables are due from the affordable housing projects. These projects operate in a housing segment of the real estate market which is subject to regulation by various federal, state or lending agencies. Payment is generally subject to limitation and the administrative directives, rules and regulations of these agencies and may result in limited or inadequate funding being allocated to the projects. Management determines the past due or delinquency status based on terms of the underlying loan, a review and assessment of estimated funding sources, and an assessment of the current economic conditions and the financial condition and results of operations of these debtors. An allowance for doubtful accounts was made as of December 31, 2014 for the Capital Advance note and accrued interest thereon due from SLI Douglas House and for the Advances receivable due from SLI Warren House as management does not consider all amounts fully collectible (Note 6). As of December 31, 2014, no other amounts were determined to be past due or delinquent.

Note 13 - Commitments

Unconditional guaranty

SLI unconditionally and irrevocably guarantees due payment, performance and fulfillment of all liabilities, obligations and undertakings of the General Partner of SLI Douglas House under certain agreements executed by the partners and / or SLI Douglas House as more fully described in the Unconditional Guaranty of the Corporation; provided, however, that the liability of the Corporation with respect to the obligations arising under the Operating Deficit Guaranty Agreement and the Partnership Agreement of SLI Douglas House, and amended by that certain Operating Deficit General Partner Obligation Agreement dated February 1, 2011, is limited to the amount of $195,000.

In conjunction with cumulative operating deficit advances in the amount of $22,250 made by the Corporation to SLI Douglas House as of December 31, 2014, the balance of this guaranty is $172,750 in the aggregate as of December 31, 2014.

Matching grant

In January, 2011, the Corporation received a matching five year pledge commitment (fiscal period June 30, 2011 through June 30, 2015) from a foundation in the amount of $100,000 annually. The pledge is conditioned upon the Corporation raising matching gifts by the end of the annual pledge fiscal year end of June 30. Support received from the foundation is unrestricted. For the pledge year ended June 30, 2014, the Corporation successfully matched the pledge and the $100,000 matching contribution was received in July, 2014. Subsequent to year end, the Corporation successfully matched the pledge for the fiscal 2015 pledge year.

Contract commitment

In June 2014, SLI McLaughlin House entered into an agreement with a contractor for replacement of the building's sprinkler system in the amount of $141,700. As of March 31, 2015, $77,196 was completed and is reflected as building and building improvements in the accompanying consolidated statement of financial position. The replacement work was completed in May 2015.

Note 14 - Major donors

In 2014, the Corporation's major donors, defined as contributed support from an individual or organization which is greater than ten percent of total contributed support, represented 30% of total contributions and support of the Corporation and consisted of one donor.

Note 15 - Restatement

Net assets as of January 1, 2014 have been restated to adjust prior years to correct the balances for consolidating a previously unconsolidated entity, SLI McLaughlin House, and to reflect an allowance for uncollectible accounts relating to the Capital Advance note and accrued interest thereon as of December 31, 2013 (Note 6).

The restatement had the effect of decreasing net assets by $1,384,070 at January 1, 2014, as follows:

	Balance, 12/31/2013	Increase (decrease)
To reflect the consolidation of SLI McLaughlin House		
Property and equipment, net	$ 830,886	
Other assets	35,118	
	866,004	
Mortgage payable - CEDAC	500,000	
Mortgage payable - HOME	254,931	
Other liabilities	31,339	
	786,270	$ 79,734
To reflect that allowance for doubtful accounts -		
Capital Advance note		(1,157,600)
Accrued interest receivable - Capital Advance note		(306,204)
Total		$ (1,384,070)

Note 16 - Subsequent events

Events that occur after the consolidated statement of financial position date, but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the consolidated statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the consolidated statement of financial position date require disclosure in the accompanying notes. Management has evaluated the activity of the Organization through November 16, 2015 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements, except as disclosed in Note 13.

Supplementary Information

Supportive Living, Inc. and Affiliate

Consolidating Statement of Financial Position
December 31, 2014

	SLI	SLI McLaughlin House	Eliminations	Total
Current assets				
Cash and cash equivalents	$ 117,174	$ 10,538	$ -	$ 127,712
Accounts receivable - operations	18,899	59	-	18,958
Accounts receivable - affiliates	78,726	-	(15,248)	63,478
Prepaid expenses and deposits	4,001	-	-	4,001
Total current assets	218,800	10,597	(15,248)	214,149
Deposits held in trust - funded				
Tenant deposits	-	2,764	-	2,764
Restricted deposits and funded reserves				
Reserve for replacements	-	27,364	-	27,364
Other reserve	-	67,702	-	67,702
Total restricted deposits and funded reserves	-	95,066	-	95,066
Property and equipment				
Land	1,112,982	207,516	-	1,320,498
Building and building improvements	161,942	1,321,727	-	1,483,669
Furniture, fixtures and equipment	30,716	54,125	-	84,841
Motor vehicles	35,404	-	-	35,404
	1,341,044	1,583,368	-	2,924,412
Less accumulated depreciation	(104,214)	(721,411)	-	(825,625)
Net property and equipment	1,236,830	861,957	-	2,098,787
Other assets				
Mortgage note receivable - Capital Advance due from SLI Douglas House	1,157,600	-	-	1,157,600
Accrued interest receivable - Capital Advance due from SLI Douglas House	306,204	-	-	306,204
Allowance for doubtful accounts	(1,463,804)	-	-	(1,463,804)
Due from SLI Douglas House - construction completion	423,494	-	-	423,494
Developer fee due from SLI Douglas House	124,897	-	-	124,897
Developer fee due from Old Farm Inn, Inc.	107,300	-	-	107,300
Due from affiliates	89,015	-	(50,451)	38,564
Allowance for doubtful accounts	(89,015)	-	50,451	(38,564)
Due from SLI Douglas House - operating deficit note	22,250	-	-	22,250
Total other assets	677,941	-	-	677,941
Total assets	$ 2,133,571	$ 970,384	$ (15,248)	$ 3,088,707

See Independent Auditor's Report.

Supportive Living, Inc. and Affiliate

Consolidating Statement of Financial Position
December 31, 2014

	SLI	SLI McLaughlin House	Eliminations	Total
Current liabilities				
Mortgage payable, current maturities	$ 9,151	$ -	$ -	$ 9,151
Accounts payable	2,924	23,540	(12,331)	14,133
Accrued interest payable	8,132	-	-	8,132
Note payable - Brookline Bank		28,487	-	28,487
Notes payable - other	7,500	-	-	7,500
Total current liabilities	27,707	52,027	(12,331)	67,403
Deposits liability				
Tenants' security deposits	-	2,835	-	2,835
Long-term liabilities				
Note payable - Brookline Bank, net	-	112,049	-	112,049
Notes payable - other, net	76,235	-	-	76,235
Mortgage payable - CEDAC	-	500,000	-	500,000
Mortgage payable - HOME	-	254,931	-	254,931
Advances payable - sponsor	-	53,368	(53,368)	-
Mortgage payable - Brookline Bank, net	665,623	-	-	665,623
Total long-term liabilities	741,858	920,348	(53,368)	1,608,838
Total liabilities	769,565	975,210	(65,699)	1,679,076
Net assets				
Unrestricted net assets	1,364,006	(4,826)	50,451	1,409,631
Temporarily restricted net assets	-	-	-	-
Total net assets	1,364,006	(4,826)	50,451	1,409,631
Total liabilities and net assets	$ 2,133,571	$ 970,384	$ (15,248)	$ 3,088,707

See Independent Auditor's Report.

Supportive Living, Inc. and Affiliate

Consolidating Statement of Activities
December 31, 2014

	SLI	SLI McLaughlin House	Eliminations	Total
Revenues				
Contributions and support				
General public support	$ 98,465	$ -	$ -	$ 98,465
Contributions and grants	116,950	-	-	116,950
Contributions - Wellness Centers	30,497	-	-	30,497
Special event revenue	68,716	-	-	68,716
Douglas Stephens Memorial	7,751	-	-	7,751
	322,379	-	-	322,379
Other income (expense)				
Lease rentals	5,400	-	-	5,400
Wellness Center revenue	21,965			21,965
Ground lease revenue	55,041	-	-	55,041
Management fees	25,305	-	(5,952)	19,353
Project rent revenue	-	114,899	-	114,899
Development fees	125,000	-	-	125,000
Interest	23	17	-	40
Other revenue	701	3,840	-	4,541
	233,435	118,756	(5,952)	346,239
Net assets released from restrictions				
Satisfaction of time and purpose restrictions (Note 6)	-	-	-	-
Total revenues	555,814	118,756	(5,952)	668,618
Expenses				
Special events	35,618	-	-	35,618
Marketing and advertising	10,733	-	-	10,733
Office expenses	11,308	899	-	12,207
Rent and related expenses	17,563	-	-	17,563
Telecommunications	3,338	-	-	3,338
Payroll and related expenses	122,613	16,030	-	138,643
Legal	500	-	-	500
Bookkeeping			-	-
Professional services	18,175	7,500	-	25,675
Other general and administrative expenses	22,157	2,694	-	24,851
Maintenance and repairs	2,170	52,609	-	54,779
Utilities	-	13,932		13,932
Insurance	10,046	9,981	-	20,027
Other program costs	75,993	7,309	(5,952)	77,350
Interest and financial charges	48,360	1,789	-	50,149
Depreciation and amortization	17,612	46,125	-	63,737
Bad debts	7,003	-	(6,003)	1,000
Fundraising	2,914	-	-	2,914
Total expenses	406,103	158,868	(11,955)	553,016
Increase in net assets	$ 149,711	$ (40,112)	$ 6,003	$ 115,602

See Independent Auditor's Report.