



**AND AFFILIATES**

**CONSOLIDATING FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Contents  
December 31, 2019 and 2018

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## Independent Auditor's Report

To the Board of Directors of  
Dorchester Bay Economic Development Corporation and Affiliates:

### **Report on the Consolidating Financial Statements**

We have audited the accompanying consolidating financial statements of Dorchester Bay Economic Development Corporation (a Massachusetts not-for-profit corporation) and its Affiliates (collectively, the Agency), which comprise the consolidating statements of financial position as of December 31, 2019 and 2018, and the related consolidating statements of activities, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the consolidating financial statements.

### ***Management's Responsibility for the Consolidating Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidating 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 consolidating 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 consolidating financial statements based on our audits. We did not audit the financial statements of certain rental properties of the Agency, which statements reflect total assets constituting 72% of the consolidated total assets at December 31, 2019 and 2018. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those certain rental properties, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating 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 consolidating 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 consolidating 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, based on our audits and the reports of the other auditors, the consolidating financial statements referred to on page one present fairly, in all material respects, the consolidating financial position of Dorchester Bay Economic Development Corporation and Affiliates as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidating financial statements as a whole. The accompanying supplementary information shown on pages 61 through 75 is presented for purposes of additional analysis and is not a required part of the consolidating financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidating financial statements. The information related to Pierce Properties Limited Partnership, DB 618 Dudley Street, LLC, DV North Commercial and Pearl Companies has been subjected to auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the supplementary information which insofar as it relates to the rental properties of the Agency, aside from Pierce Properties Limited Partnership, DB 618 Dudley Street, LLC, DV North Commercial and Pearl Companies, is based on the reports of other auditors, is fairly stated in all material respects to the consolidating financial statements as a whole.

*AAFCPA, Inc.*

Westborough, Massachusetts  
July 7, 2020

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Consolidating Statement of Financial Position  
 December 31, 2019  
 (With Summarized Comparative Totals as of December 31, 2018)

| Assets  | 2019           |               |                     |                      |                    |                 | 2018           |                |
|---|----------------|---------------|---------------------|----------------------|--------------------|-----------------|----------------|----------------|
|   | Dorchester Bay |               |                     |                      |                    | Eliminations    | Total          | Total          |
|   | Operating      | Loan Programs | Project Development | Total Dorchester Bay | Rental (Exhibit A) |                 |                |                |
| <b>Current Assets:</b>  |                |               |                     |                      |                    |                 |                |                |
| Cash and cash equivalents   | \$ 2,655,970   | \$ 44,898     | \$ 477,217          | \$ 3,178,085         | \$ 9,386,180       | \$ -            | \$ 12,564,265  | \$ 8,998,833   |
| Grants receivable   | 11,906         | 184,346       | -                   | 196,252              | -                  | -               | 196,252        | 233,091        |
| Tenant and other receivables, net of allowance for doubtful accounts          | 2,603          | -             | 41,517              | 44,120               | 410,191            | -               | 454,311        | 377,030        |
| Current portion of escrows and restricted deposits                            | -              | -             | -                   | -                    | 665,530            | -               | 665,530        | 1,019,361      |
| Current portion of due from affiliates, net of valuation allowance            | -              | -             | 312,422             | 312,422              | 195,234            | (507,656)       | -              | -              |
| Current portion of notes and interest receivable                              | -              | 173,169       | -                   | 173,169              | -                  | -               | 173,169        | 171,354        |
| Notes and interest receivable from related parties                            | -              | -             | 2,327,008           | 2,327,008            | -                  | (2,327,008)     | -              | -              |
| Prepaid expenses and other current assets                                     | 198,056        | -             | 1,209               | 199,265              | 470,632            | -               | 669,897        | 513,841        |
| Total current assets  | 2,868,535      | 402,413       | 3,159,373           | 6,430,321            | 11,127,767         | (2,834,664)     | 14,723,424     | 11,313,510     |
| <b>Other Assets:</b>  |                |               |                     |                      |                    |                 |                |                |
| Escrows and restricted deposits, net of current portion                       | -              | 977,742       | 10,223,648          | 11,201,390           | 10,645,794         | -               | 21,847,184     | 11,040,793     |
| Notes and interest receivable, net of current portion and loan loss allowance | -              | 480,616       | 7,221,724           | 7,702,340            | 9,795,800          | -               | 17,498,140     | 10,277,718     |
| Deferred rental revenue   | -              | -             | -                   | -                    | 188,061            | -               | 188,061        | 176,799        |
| Projects under development  | -              | -             | 8,208,033           | 8,208,033            | 1,249,681          | -               | 9,457,714      | 3,582,205      |
| Due from affiliates, net of current portion and valuation allowance           | 326,007        | -             | 1,740,965           | 2,066,972            | -                  | (2,066,972)     | -              | -              |
| Capitalized costs, net  | -              | -             | -                   | -                    | 285,002            | -               | 285,002        | 309,850        |
| Total other assets  | 326,007        | 1,458,358     | 27,394,370          | 29,178,735           | 22,164,338         | (2,066,972)     | 49,276,101     | 25,387,365     |
| <b>Property and Equipment:</b>  |                |               |                     |                      |                    |                 |                |                |
| Land and land improvements  | -              | -             | 8,659,120           | 8,659,120            | 10,985,766         | -               | 19,644,886     | 11,453,701     |
| Buildings and improvements  | 132,549        | -             | 154,480             | 287,029              | 223,239,946        | (16,494,338)    | 207,032,637    | 206,174,063    |
| Furniture, fixtures and equipment   | 202,491        | -             | -                   | 202,491              | 5,745,707          | -               | 5,948,198      | 5,934,703      |
|   | 335,040        | -             | 8,813,600           | 9,148,640            | 239,971,419        | (16,494,338)    | 232,625,721    | 223,562,467    |
| Less - accumulated depreciation   | 257,800        | -             | 71,019              | 328,819              | 68,528,032         | (1,237,076)     | 67,619,775     | 61,583,940     |
| Net property and equipment  | 77,240         | -             | 8,742,581           | 8,819,821            | 171,443,387        | (15,257,262)    | 165,005,946    | 161,978,527    |
| Total assets  | \$ 3,271,782   | \$ 1,860,771  | \$ 39,296,324       | \$ 44,428,877        | \$ 204,735,492     | \$ (20,158,898) | \$ 229,005,471 | \$ 198,679,402 |
| <b>Liabilities, Net Assets and Non-Controlling Interests</b>                  |                |               |                     |                      |                    |                 |                |                |
| <b>Current Liabilities:</b>   |                |               |                     |                      |                    |                 |                |                |
| Current portion of notes payable  | \$ 200,000     | \$ 89,216     | \$ 2,028,010        | \$ 2,317,226         | \$ 2,136,758       | \$ (4,950)      | \$ 4,449,034   | \$ 3,492,903   |
| Current portion of contingent debt and deferred interest                      | -              | -             | 274,991             | 274,991              | 4,421,946          | (2,327,008)     | 2,369,929      | 1,878,689      |
| Current portion of due to affiliates  | -              | -             | 195,234             | 195,234              | 312,422            | (507,656)       | -              | -              |
| Current portion of accounts payable and accrued expenses                      | 197,539        | -             | 255,880             | 453,419              | 2,112,152          | (196,607)       | 2,368,964      | 2,970,079      |
| Total current liabilities   | 397,539        | 89,216        | 2,754,115           | 3,240,870            | 8,983,278          | (3,036,221)     | 9,187,927      | 8,341,671      |
| <b>Long-term Liabilities:</b>   |                |               |                     |                      |                    |                 |                |                |
| Accounts payable and accrued expenses, net of current portion                 | -              | -             | 1,554,693           | 1,554,693            | -                  | -               | 1,554,693      | 132,933        |
| Notes payable, net of current portion and unamortized debt issuance costs     | 70,000         | 324,689       | 22,913,320          | 23,308,009           | 71,838,677         | (411,883)       | 94,734,803     | 74,541,107     |
| Due to affiliates, net of current portion                                     | -              | -             | 1,167,447           | 1,167,447            | 3,559,529          | (4,726,976)     | -              | -              |
| Total long-term liabilities   | 70,000         | 324,689       | 25,635,460          | 26,030,149           | 75,398,206         | (5,138,859)     | 96,289,496     | 74,674,040     |
| Contingent Debt and Deferred Interest, net of current portion                 | -              | 53,800        | -                   | 53,800               | 74,647,560         | (31,302,970)    | 43,398,390     | 44,494,024     |
| Total liabilities   | 467,539        | 467,705       | 28,389,575          | 29,324,819           | 159,029,044        | (39,478,050)    | 148,875,813    | 127,509,735    |
| <b>Net Assets and Non-Controlling Interests:</b>                              |                |               |                     |                      |                    |                 |                |                |
| <b>Without donor restrictions:</b>  |                |               |                     |                      |                    |                 |                |                |
| Operating   | 2,366,776      | (169,192)     | 266,213             | 2,463,797            | 12,100,142         | -               | 14,563,939     | 11,669,974     |
| Development   | -              | -             | 10,401,856          | 10,401,856           | (392,812)          | -               | 10,009,044     | 3,050,572      |
| Property and equipment  | 77,240         | -             | -                   | 77,240               | 33,999,118         | (24,750,863)    | 9,325,495      | 11,663,934     |
| Board designated  | 360,227        | -             | -                   | 360,227              | -                  | -               | 360,227        | 360,567        |
| Total without donor restrictions  | 2,804,243      | (169,192)     | 10,668,069          | 13,303,120           | 45,706,448         | (24,750,863)    | 34,258,705     | 26,745,047     |
| <b>With donor restrictions</b>  | -              | 1,562,258     | 238,680             | 1,800,938            | -                  | -               | 1,800,938      | 1,756,580      |
| Total Dorchester Bay's consolidated net assets                                | 2,804,243      | 1,393,066     | 10,906,749          | 15,104,058           | 45,706,448         | (24,750,863)    | 36,059,643     | 28,501,627     |
| <b>Non-controlling interests</b>  | -              | -             | -                   | -                    | -                  | 44,070,015      | 44,070,015     | 42,668,040     |
| Total net assets  | 2,804,243      | 1,393,066     | 10,906,749          | 15,104,058           | 45,706,448         | 19,319,152      | 80,129,658     | 71,169,667     |
| Total liabilities, net assets and non-controlling interests                   | \$ 3,271,782   | \$ 1,860,771  | \$ 39,296,324       | \$ 44,428,877        | \$ 204,735,492     | \$ (20,158,898) | \$ 229,005,471 | \$ 198,679,402 |

The accompanying notes are an integral part of these consolidating statements.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Consolidating Statement of Financial Position  
December 31, 2018

| Assets   | Dorchester Bay      |                     |                        |                            | Rental<br>(Exhibit A) | Eliminations           | Total                 |
|--|---------------------|---------------------|------------------------|----------------------------|-----------------------|------------------------|-----------------------|
|  | Operating           | Loan<br>Programs    | Project<br>Development | Total<br>Dorchester<br>Bay |                       |                        |                       |
| <b>Current Assets:</b>   |                     |                     |                        |                            |                       |                        |                       |
| Cash and cash equivalents  | \$ 1,054,708        | \$ 44,898           | \$ 82,675              | \$ 1,182,281               | \$ 7,816,552          | \$ -                   | \$ 8,998,833          |
| Grants receivable  | 43,780              | 14,311              | 175,000                | 233,091                    | -                     | -                      | 233,091               |
| Tenant and other receivables, net of allowance for doubtful accounts                               | -                   | -                   | 3,181                  | 3,181                      | 373,849               | -                      | 377,030               |
| Current portion of escrows and restricted deposits   | -                   | -                   | -                      | -                          | 1,019,361             | -                      | 1,019,361             |
| Current portion of due from affiliates, net of valuation allowance                                 | -                   | -                   | 175,247                | 175,247                    | 192,843               | (368,090)              | -                     |
| Current portion of notes and interest receivable   | -                   | 171,354             | -                      | 171,354                    | -                     | -                      | 171,354               |
| Current portion of notes and interest receivable from related parties                              | -                   | -                   | 758,202                | 758,202                    | -                     | (758,202)              | -                     |
| Prepaid expenses and other current assets  | 23,123              | 1,210               | 27,836                 | 52,169                     | 461,672               | -                      | 513,841               |
| <b>Total current assets</b>  | <b>1,121,611</b>    | <b>231,773</b>      | <b>1,222,141</b>       | <b>2,575,525</b>           | <b>9,864,277</b>      | <b>(1,126,292)</b>     | <b>11,313,510</b>     |
| <b>Other Assets:</b>   |                     |                     |                        |                            |                       |                        |                       |
| Escrows and restricted deposits, net of current portion  | -                   | 1,156,972           | 17,273                 | 1,174,245                  | 9,866,548             | -                      | 11,040,793            |
| Notes and interest receivable, net of current portion and loan loss allowance                      | 12,600              | 469,318             | -                      | 481,918                    | 9,795,800             | -                      | 10,277,718            |
| Notes and interest receivable from related parties, net of current portion and valuation allowance | -                   | -                   | 520,809                | 520,809                    | -                     | (520,809)              | -                     |
| Deferred rental revenue  | -                   | -                   | -                      | -                          | 176,799               | -                      | 176,799               |
| Projects under development   | -                   | -                   | 2,502,386              | 2,502,386                  | 1,079,819             | -                      | 3,582,205             |
| Due from affiliates, net of current portion and valuation allowance                                | 292,639             | 10,000              | 3,318,823              | 3,621,462                  | -                     | (3,621,462)            | -                     |
| Capitalized costs, net   | -                   | -                   | -                      | -                          | 309,850               | -                      | 309,850               |
| <b>Total other assets</b>  | <b>305,239</b>      | <b>1,636,290</b>    | <b>6,359,291</b>       | <b>8,300,820</b>           | <b>21,228,816</b>     | <b>(4,142,271)</b>     | <b>25,387,365</b>     |
| <b>Property and Equipment:</b>   |                     |                     |                        |                            |                       |                        |                       |
| Land and land improvements   | -                   | -                   | 456,118                | 456,118                    | 10,997,583            | -                      | 11,453,701            |
| Buildings and improvements   | 135,070             | -                   | 151,600                | 286,670                    | 222,381,731           | (16,494,338)           | 206,174,063           |
| Furniture, fixtures and equipment  | 403,132             | 17,163              | 5,927                  | 426,222                    | 5,508,481             | -                      | 5,934,703             |
|  | 538,202             | 17,163              | 613,645                | 1,169,010                  | 238,887,795           | (16,494,338)           | 223,562,467           |
| Less - accumulated depreciation  | 517,921             | 3,611               | 62,289                 | 583,821                    | 61,824,836            | (824,717)              | 61,583,940            |
| <b>Net property and equipment</b>  | <b>20,281</b>       | <b>13,552</b>       | <b>551,356</b>         | <b>585,189</b>             | <b>177,062,959</b>    | <b>(15,669,621)</b>    | <b>161,978,527</b>    |
| <b>Total assets</b>  | <b>\$ 1,447,131</b> | <b>\$ 1,881,615</b> | <b>\$ 8,132,788</b>    | <b>\$ 11,461,534</b>       | <b>\$ 208,156,052</b> | <b>\$ (20,938,184)</b> | <b>\$ 198,679,402</b> |
| <b>Liabilities, Net Assets and Non-Controlling Interests</b>                                       |                     |                     |                        |                            |                       |                        |                       |
| <b>Current Liabilities:</b>  |                     |                     |                        |                            |                       |                        |                       |
| Current portion of notes payable   | \$ 200,000          | \$ 104,948          | \$ 18,192              | \$ 323,140                 | \$ 3,174,567          | \$ (4,804)             | \$ 3,492,903          |
| Current portion of contingent debt and deferred interest   | -                   | -                   | 274,991                | 274,991                    | 2,361,900             | (758,202)              | 1,878,689             |
| Current portion of due to affiliates   | -                   | -                   | 192,843                | 192,843                    | 310,264               | (503,107)              | -                     |
| Current portion of accounts payable and accrued expenses   | 213,020             | 14,567              | 630,925                | 858,512                    | 2,280,064             | (168,497)              | 2,970,079             |
| <b>Total current liabilities</b>   | <b>413,020</b>      | <b>119,515</b>      | <b>1,116,951</b>       | <b>1,649,486</b>           | <b>8,126,795</b>      | <b>(1,434,610)</b>     | <b>8,341,671</b>      |
| <b>Long-term Liabilities:</b>  |                     |                     |                        |                            |                       |                        |                       |
| Accounts payable and accrued expenses, net of current portion                                      | -                   | -                   | 132,933                | 132,933                    | -                     | -                      | 132,933               |
| Notes payable, net of current portion and unamortized debt issuance costs                          | 70,000              | 401,470             | 1,912,085              | 2,383,555                  | 72,574,377            | (416,825)              | 74,541,107            |
| Due to affiliates, net of current portion  | -                   | -                   | 948,185                | 948,185                    | 4,823,003             | (5,771,188)            | -                     |
| <b>Total long-term liabilities</b>   | <b>70,000</b>       | <b>401,470</b>      | <b>2,993,203</b>       | <b>3,464,673</b>           | <b>77,397,380</b>     | <b>(6,188,013)</b>     | <b>74,674,040</b>     |
| <b>Contingent Debt and Deferred Interest, net of current portion</b>                               | <b>-</b>            | <b>53,800</b>       | <b>-</b>               | <b>53,800</b>              | <b>77,000,945</b>     | <b>(32,560,721)</b>    | <b>44,494,024</b>     |
| <b>Total liabilities</b>   | <b>483,020</b>      | <b>574,785</b>      | <b>4,110,154</b>       | <b>5,167,959</b>           | <b>162,525,120</b>    | <b>(40,183,344)</b>    | <b>127,509,735</b>    |
| <b>Net Assets and Non-Controlling Interests:</b>   |                     |                     |                        |                            |                       |                        |                       |
| <b>Without donor restrictions:</b>   |                     |                     |                        |                            |                       |                        |                       |
| Operating  | 483,263             | (133,547)           | 374,934                | 724,650                    | 10,945,324            | -                      | 11,669,974            |
| Development  | -                   | -                   | 3,417,945              | 3,417,945                  | (367,373)             | -                      | 3,050,572             |
| Property and equipment   | 20,281              | 13,552              | -                      | 33,833                     | 35,052,981            | (23,422,880)           | 11,663,934            |
| Board designated   | 360,567             | -                   | -                      | 360,567                    | -                     | -                      | 360,567               |
| <b>Total without donor restrictions</b>  | <b>864,111</b>      | <b>(119,995)</b>    | <b>3,792,879</b>       | <b>4,536,995</b>           | <b>45,630,932</b>     | <b>(23,422,880)</b>    | <b>26,745,047</b>     |
| <b>With donor restrictions</b>   | <b>100,000</b>      | <b>1,426,825</b>    | <b>229,755</b>         | <b>1,756,580</b>           | <b>-</b>              | <b>-</b>               | <b>1,756,580</b>      |
| <b>Total Dorchester Bay's consolidated net assets</b>  | <b>964,111</b>      | <b>1,306,830</b>    | <b>4,022,634</b>       | <b>6,293,575</b>           | <b>45,630,932</b>     | <b>(23,422,880)</b>    | <b>28,501,627</b>     |
| <b>Non-controlling interests</b>   | <b>-</b>            | <b>-</b>            | <b>-</b>               | <b>-</b>                   | <b>-</b>              | <b>42,668,040</b>      | <b>42,668,040</b>     |
| <b>Total net assets</b>  | <b>964,111</b>      | <b>1,306,830</b>    | <b>4,022,634</b>       | <b>6,293,575</b>           | <b>45,630,932</b>     | <b>19,245,160</b>      | <b>71,169,667</b>     |
| <b>Total liabilities, net assets, and non-controlling interests</b>                                | <b>\$ 1,447,131</b> | <b>\$ 1,881,615</b> | <b>\$ 8,132,788</b>    | <b>\$ 11,461,534</b>       | <b>\$ 208,156,052</b> | <b>\$ (20,938,184)</b> | <b>\$ 198,679,402</b> |

The accompanying notes are an integral part of these consolidating statements.

**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Consolidating Statement of Activities  
 For the Year Ended December 31, 2019  
 (With Summarized Comparative Totals for the Year Ended December 31, 2018)

|   | 2019           |                  |                        |                            |                       |                | 2018         |             |
|---|----------------|------------------|------------------------|----------------------------|-----------------------|----------------|--------------|-------------|
|   | Dorchester Bay |                  |                        | Total<br>Dorchester<br>Bay | Rental<br>(Exhibit B) | Eliminations   | Total        | Total       |
|   | Operating      | Loan<br>Programs | Project<br>Development |                            |                       |                |              |             |
| <b>Net Assets Without Donor Restrictions:</b>   |                |                  |                        |                            |                       |                |              |             |
| Operating revenues:   |                |                  |                        |                            |                       |                |              |             |
| Support:  |                |                  |                        |                            |                       |                |              |             |
| Grants, contracts and contributions   | \$ 34,817      | \$ 316,116       | \$ 161,489             | \$ 512,422                 | \$ -                  | \$ -           | \$ 512,422   | \$ 698,606  |
| Special event   | 280,897        | -                | -                      | 280,897                    | -                     | -              | 280,897      | 245,589     |
| Net assets released from purpose restrictions   | 100,000        | -                | 153,200                | 253,200                    | -                     | -              | 253,200      | 34,292      |
| Net assets released from time restrictions  | -              | -                | -                      | -                          | -                     | -              | -            | 120,031     |
| Total support   | 415,714        | 316,116          | 314,689                | 1,046,519                  | -                     | -              | 1,046,519    | 1,098,518   |
| Fee income and other:   |                |                  |                        |                            |                       |                |              |             |
| Rental income, net  | 43,145         | -                | 38,310                 | 81,455                     | 23,576,616            | (56,089)       | 23,601,982   | 22,503,430  |
| Fees and project reimbursements   | -              | -                | 595,987                | 595,987                    | -                     | -              | 595,987      | 208,794     |
| Interest income and other   | 6,670          | 30,594           | 798,224                | 835,488                    | 488,424               | (777,307)      | 546,605      | 499,741     |
| Resident and program service fees   | 2,177,616      | 21,833           | 9,127                  | 2,208,576                  | -                     | (2,186,413)    | 22,163       | 27,579      |
| Total fee income and other  | 2,227,431      | 52,427           | 1,441,648              | 3,721,506                  | 24,065,040            | (3,019,809)    | 24,766,737   | 23,239,544  |
| Total operating revenues  | 2,643,145      | 368,543          | 1,756,337              | 4,768,025                  | 24,065,040            | (3,019,809)    | 25,813,256   | 24,338,062  |
| Operating expenses:   |                |                  |                        |                            |                       |                |              |             |
| Community Services  | 619,898        | -                | -                      | 619,898                    | -                     | -              | 619,898      | 740,297     |
| Asset Management  | 372,168        | -                | -                      | 372,168                    | -                     | -              | 372,168      | 179,776     |
| Loan Programs   | -              | 724,959          | -                      | 724,959                    | -                     | -              | 724,959      | 543,011     |
| Project Development   | -              | -                | 1,867,452              | 1,867,452                  | -                     | -              | 1,867,452    | 1,649,701   |
| Rental  | -              | -                | -                      | -                          | 15,029,005            | (1,073,727)    | 13,955,278   | 13,777,005  |
| General and Administrative  | 216,207        | 180,649          | 468,134                | 864,990                    | -                     | (56,089)       | 808,901      | 912,632     |
| Fundraising   | 530,266        | -                | -                      | 530,266                    | -                     | -              | 530,266      | 403,434     |
| Total operating expenses  | 1,738,539      | 905,608          | 2,335,586              | 4,979,733                  | 15,029,005            | (1,129,816)    | 18,878,922   | 18,205,856  |
| Changes in net assets without donor restrictions from operations before depreciation and amortization | 904,606        | (537,065)        | (579,249)              | (211,708)                  | 9,036,035             | (1,889,993)    | 6,934,334    | 6,132,206   |
| Depreciation and amortization   | 31,001         | -                | 11,205                 | 42,206                     | 6,865,472             | (412,359)      | 6,495,319    | 6,550,490   |
| Changes in net assets without donor restrictions from operations                                      | 873,605        | (537,065)        | (590,454)              | (253,914)                  | 2,170,563             | (1,477,634)    | 439,015      | (418,284)   |
| Non-operating revenues (expenses):  |                |                  |                        |                            |                       |                |              |             |
| Donated land  | -              | -                | 7,565,563              | 7,565,563                  | -                     | -              | 7,565,563    | -           |
| Insurance gains   | -              | -                | -                      | -                          | 23,676                | -              | 23,676       | -           |
| Recovery of notes receivable and due from affiliates  | -              | -                | 1,477,766              | 1,477,766                  | -                     | (1,477,766)    | -            | -           |
| Net assets released from capital restrictions   | -              | -                | -                      | -                          | -                     | -              | -            | 285,003     |
| Capital grants  | -              | -                | -                      | -                          | -                     | -              | -            | 55,910      |
| Gain (loss) on disposal of capital costs  | 20,761         | (13,551)         | (30,500)               | (23,290)                   | -                     | -              | (23,290)     | -           |
| Incentive and supplemental management fees  | -              | -                | -                      | -                          | (636,724)             | 579,601        | (57,123)     | (3,593)     |
| Deferred interest   | -              | -                | -                      | -                          | (2,435,574)           | 1,220,103      | (1,215,471)  | (924,785)   |
| Total non-operating revenues (expenses)   | 20,761         | (13,551)         | 9,012,829              | 9,020,039                  | (3,048,622)           | 321,938        | 6,293,355    | (587,465)   |
| Changes in net assets without donor restrictions  | 894,366        | (550,616)        | 8,422,375              | 8,766,125                  | (878,059)             | (1,155,696)    | 6,732,370    | (1,005,749) |
| <b>Net Assets With Donor Restrictions:</b>  |                |                  |                        |                            |                       |                |              |             |
| Grants  | -              | 115,000          | 162,125                | 277,125                    | -                     | -              | 277,125      | 289,203     |
| Mortgage loan and bank interest   | -              | 20,433           | -                      | 20,433                     | -                     | -              | 20,433       | 13,844      |
| Net assets released from restrictions   | (100,000)      | -                | (153,200)              | (253,200)                  | -                     | -              | (253,200)    | (439,326)   |
| Changes in net assets with donor restrictions   | (100,000)      | 135,433          | 8,925                  | 44,358                     | -                     | -              | 44,358       | (136,279)   |
| Changes in net assets   | 794,366        | (415,183)        | 8,431,300              | 8,810,483                  | (878,059)             | (1,155,696)    | 6,776,728    | (1,142,028) |
| <b>Changes in Net Assets Attributable to Non-Controlling Interests</b>                                |                |                  |                        |                            |                       |                |              |             |
| Changes in net assets attributable to Dorchester Bay  | \$ 794,366     | \$ (415,183)     | \$ 8,431,300           | \$ 8,810,483               | \$ (96,771)           | \$ (1,155,696) | \$ 7,558,016 | \$ (39,727) |

The accompanying notes are an integral part of these consolidating statements.

**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Consolidating Statement of Activities  
For the Year Ended December 31, 2018

|   | Dorchester Bay |                  |                        | Total<br>Dorchester<br>Bay | Rental<br>(Exhibit B) | Eliminations   | Total       |
|---|----------------|------------------|------------------------|----------------------------|-----------------------|----------------|-------------|
|   | Operating      | Loan<br>Programs | Project<br>Development |                            |                       |                |             |
| <b>Net Assets Without Donor Restrictions:</b>   |                |                  |                        |                            |                       |                |             |
| Operating revenues:   |                |                  |                        |                            |                       |                |             |
| Support:  |                |                  |                        |                            |                       |                |             |
| Grants, contracts and contributions   | \$ 140,058     | \$ 367,611       | \$ 190,937             | \$ 698,606                 | \$ -                  | \$ -           | \$ 698,606  |
| Special event   | 245,589        | -                | -                      | 245,589                    | -                     | -              | 245,589     |
| Net assets released from purpose restrictions   | -              | -                | 34,292                 | 34,292                     | -                     | -              | 34,292      |
| Net assets released from time restrictions  | 120,031        | -                | -                      | 120,031                    | -                     | -              | 120,031     |
| Total support   | 505,678        | 367,611          | 225,229                | 1,098,518                  | -                     | -              | 1,098,518   |
| Fee income and other:   |                |                  |                        |                            |                       |                |             |
| Rental income, net  | 39,579         | -                | 24,120                 | 63,699                     | 22,495,331            | (55,600)       | 22,503,430  |
| Fees and project reimbursements   | -              | -                | 208,794                | 208,794                    | -                     | -              | 208,794     |
| Interest income and other   | 11,961         | 29,350           | 736,710                | 778,021                    | 442,932               | (721,212)      | 499,741     |
| Resident and program service fees   | 2,161,785      | 6,043            | 18,005                 | 2,185,833                  | -                     | (2,158,254)    | 27,579      |
| Total fee income and other  | 2,213,325      | 35,393           | 987,629                | 3,236,347                  | 22,938,263            | (2,935,066)    | 23,239,544  |
| Total operating revenues  | 2,719,003      | 403,004          | 1,212,858              | 4,334,865                  | 22,938,263            | (2,935,066)    | 24,338,062  |
| Operating expenses:   |                |                  |                        |                            |                       |                |             |
| Community Services  | 740,297        | -                | -                      | 740,297                    | -                     | -              | 740,297     |
| Asset Management  | 179,776        | -                | -                      | 179,776                    | -                     | -              | 179,776     |
| Loan Programs   | -              | 543,011          | -                      | 543,011                    | -                     | -              | 543,011     |
| Project Development   | -              | -                | 1,649,701              | 1,649,701                  | -                     | -              | 1,649,701   |
| Rental  | -              | -                | -                      | -                          | 14,674,364            | (897,359)      | 13,777,005  |
| General and Administrative  | 249,342        | 160,895          | 557,995                | 968,232                    | -                     | (55,600)       | 912,632     |
| Fundraising   | 403,434        | -                | -                      | 403,434                    | -                     | -              | 403,434     |
| Total operating expenses  | 1,572,849      | 703,906          | 2,207,696              | 4,484,451                  | 14,674,364            | (952,959)      | 18,205,856  |
| Changes in net assets without donor restrictions from operations before depreciation and amortization | 1,146,154      | (300,902)        | (994,838)              | (149,586)                  | 8,263,899             | (1,982,107)    | 6,132,206   |
| Depreciation and amortization   | 29,716         | 3,333            | 8,442                  | 41,491                     | 6,921,357             | (412,358)      | 6,550,490   |
| Changes in net assets without donor restrictions from operations                                      | 1,116,438      | (304,235)        | (1,003,280)            | (191,077)                  | 1,342,542             | (1,569,749)    | (418,284)   |
| Non-operating revenues (expenses):  |                |                  |                        |                            |                       |                |             |
| Recovery of notes receivable and due from affiliates  | -              | -                | 292,146                | 292,146                    | -                     | (292,146)      | -           |
| Forgiveness of debt   | -              | -                | -                      | -                          | 4,159,088             | (4,159,088)    | -           |
| Net assets released from capital restrictions   | -              | -                | 285,003                | 285,003                    | -                     | -              | 285,003     |
| Capital grants  | -              | -                | -                      | -                          | 55,910                | -              | 55,910      |
| Incentive and supplemental management fees  | -              | -                | -                      | -                          | (605,597)             | 602,004        | (3,593)     |
| Deferred interest   | -              | -                | -                      | -                          | (2,451,432)           | 1,526,647      | (924,785)   |
| Total non-operating revenues (expenses)   | -              | -                | 577,149                | 577,149                    | 1,157,969             | (2,322,583)    | (587,465)   |
| Changes in net assets without donor restrictions  | 1,116,438      | (304,235)        | (426,131)              | 386,072                    | 2,500,511             | (3,892,332)    | (1,005,749) |
| <b>Net Assets With Donor Restrictions:</b>  |                |                  |                        |                            |                       |                |             |
| Grants  | 110,822        | 12,256           | 166,125                | 289,203                    | -                     | -              | 289,203     |
| Mortgage loan and bank interest   | -              | 13,844           | -                      | 13,844                     | -                     | -              | 13,844      |
| Net assets released from restrictions   | (120,031)      | -                | (319,295)              | (439,326)                  | -                     | -              | (439,326)   |
| Changes in net assets with donor restrictions   | (9,209)        | 26,100           | (153,170)              | (136,279)                  | -                     | -              | (136,279)   |
| Changes in net assets   | 1,107,229      | (278,135)        | (579,301)              | 249,793                    | 2,500,511             | (3,892,332)    | (1,142,028) |
| <b>Changes in Net Assets Attributable to Non-Controlling Interests</b>                                | -              | -                | -                      | -                          | 1,102,301             | -              | 1,102,301   |
| Changes in net assets attributable to Dorchester Bay  | \$ 1,107,229   | \$ (278,135)     | \$ (579,301)           | \$ 249,793                 | \$ 3,602,812          | \$ (3,892,332) | \$ (39,727) |

The accompanying notes are an integral part of these consolidating statements.



**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Consolidating Statements of Changes in Net Assets  
For the Years Ended December 31, 2019 and 2018

|                                      | Dorchester Bay      |                     |                        |                            | Rental<br>(Exhibit C) | Eliminations           | Non-<br>Controlling<br>Interest | Total                |
|--------------------------------------|---------------------|---------------------|------------------------|----------------------------|-----------------------|------------------------|---------------------------------|----------------------|
|                                      | Operating           | Loan<br>Programs    | Project<br>Development | Total<br>Dorchester<br>Bay |                       |                        |                                 |                      |
| <b>Net Assets, December 31, 2017</b> | \$ 847,232          | \$ 1,279,653        | \$ 3,916,897           | \$ 6,043,782               | \$ 27,527,514         | \$ (5,029,942)         | \$ 27,097,220                   | \$ 55,638,574        |
| Changes in net assets                | 1,107,229           | (278,135)           | (579,301)              | 249,793                    | 2,500,511             | (2,790,031)            | (1,102,301)                     | (1,142,028)          |
| Capital contributions                | -                   | -                   | -                      | -                          | 16,829,959            | (16,829,959)           | 16,740,180                      | 16,740,180           |
| Distributions                        | -                   | -                   | -                      | -                          | (1,227,052)           | 1,227,052              | (67,059)                        | (67,059)             |
| Net asset transfers                  | (990,350)           | 305,312             | 685,038                | -                          | -                     | -                      | -                               | -                    |
| <b>Net Assets, December 31, 2018</b> | 964,111             | 1,306,830           | 4,022,634              | 6,293,575                  | 45,630,932            | (23,422,880)           | 42,668,040                      | 71,169,667           |
| Changes in net assets                | 794,366             | (415,183)           | 8,431,300              | 8,810,483                  | (878,059)             | (374,408)              | (781,288)                       | 6,776,728            |
| Capital contributions                | -                   | -                   | -                      | -                          | 2,257,950             | (2,257,950)            | 2,257,950                       | 2,257,950            |
| Distributions                        | -                   | -                   | -                      | -                          | (1,304,375)           | 1,304,375              | (74,687)                        | (74,687)             |
| Net asset transfers                  | 1,045,766           | 501,419             | (1,547,185)            | -                          | -                     | -                      | -                               | -                    |
| <b>Net Assets, December 31, 2019</b> | <u>\$ 2,804,243</u> | <u>\$ 1,393,066</u> | <u>\$ 10,906,749</u>   | <u>\$ 15,104,058</u>       | <u>\$ 45,706,448</u>  | <u>\$ (24,750,863)</u> | <u>\$ 44,070,015</u>            | <u>\$ 80,129,658</u> |

The accompanying notes are an integral part of these consolidating statements.

**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Consolidating Statement of Cash Flows  
For the Year Ended December 31, 2019

|  | <u>Dorchester<br/>Bay</u> | <u>Rental</u>        | <u>Eliminations</u> | <u>Total</u>         |
|--|---------------------------|----------------------|---------------------|----------------------|
| <b>Cash Flows from Operating Activities:</b>   |                           |                      |                     |                      |
| Changes in net assets  | \$ 8,810,483              | \$ (878,059)         | \$ (1,155,696)      | \$ 6,776,728         |
| Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:                                 |                           |                      |                     |                      |
| Depreciation and amortization  | 42,206                    | 6,865,472            | (412,359)           | 6,495,319            |
| Loss on disposal of capital costs  | 23,290                    | -                    | -                   | 23,290               |
| Amortization charged as interest expense   | 2,475                     | 155,601              | -                   | 158,076              |
| Bad debts  | 688,538                   | 162,239              | (551,906)           | 298,871              |
| Donated land   | (7,565,563)               | -                    | -                   | (7,565,563)          |
| Recovery of notes receivable and due from affiliates   | (1,477,766)               | -                    | 1,477,766           | -                    |
| Deferred interest  | -                         | 2,435,574            | (1,220,103)         | 1,215,471            |
| Change in discount on notes payable  | -                         | 20,921               | -                   | 20,921               |
| Changes in operating assets and liabilities:   |                           |                      |                     |                      |
| Grants receivable  | 36,839                    | -                    | -                   | 36,839               |
| Tenant and other receivables   | (40,939)                  | (198,581)            | -                   | (239,520)            |
| Due from affiliates  | (563,196)                 | (13,653)             | 576,849             | -                    |
| Prepaid expenses and other current assets  | (147,096)                 | (8,961)              | -                   | (156,057)            |
| Due to affiliates  | 219,262                   | (1,261,316)          | 1,042,054           | -                    |
| Accounts payable and accrued expenses  | (538,026)                 | (167,912)            | (26,519)            | (732,457)            |
| Net cash provided by (used in) operating activities  | <u>(509,493)</u>          | <u>7,111,325</u>     | <u>(269,914)</u>    | <u>6,331,918</u>     |
| <b>Cash Flows from Investing Activities:</b>   |                           |                      |                     |                      |
| Net decrease in due from affiliate   | 1,499,852                 | -                    | (1,499,852)         | -                    |
| Net increase in due to affiliate   | 2,391                     | -                    | (2,391)             | -                    |
| Cash paid for debt issuance costs  | (102,000)                 | -                    | -                   | (102,000)            |
| Capitalized costs  | (486,417)                 | -                    | -                   | (486,417)            |
| Net increase in notes and interest receivable  | (7,338,769)               | -                    | -                   | (7,338,769)          |
| Issuance of notes and interest receivable to related parties   | 338,422                   | -                    | (338,422)           | -                    |
| Purchase of property and equipment   | (734,565)                 | (1,221,051)          | -                   | (1,955,616)          |
| Net increase in projects under development   | (3,664,537)               | (169,862)            | -                   | (3,834,399)          |
| Net cash used in investing activities  | <u>(10,485,623)</u>       | <u>(1,390,913)</u>   | <u>(1,840,665)</u>  | <u>(13,717,201)</u>  |
| <b>Cash Flows from Financing Activities:</b>   |                           |                      |                     |                      |
| Capital contributions  | -                         | 2,257,950            | -                   | 2,257,950            |
| Distributions  | -                         | (1,304,375)          | 1,229,688           | (74,687)             |
| Proceeds from notes payable  | 23,158,045                | -                    | -                   | 23,158,045           |
| Principal payments on notes payable  | (139,980)                 | (1,950,031)          | 4,654               | (2,085,357)          |
| Payments on contingent debt and deferred interest  | -                         | (2,728,913)          | 876,237             | (1,852,676)          |
| Net cash provided by (used in) financing activities  | <u>23,018,065</u>         | <u>(3,725,369)</u>   | <u>2,110,579</u>    | <u>21,403,275</u>    |
| <b>Net Change in Cash, Cash Equivalents and Restricted Cash</b>  | 12,022,949                | 1,995,043            | -                   | 14,017,992           |
| <b>Cash, Cash Equivalents and Restricted Cash:</b>   |                           |                      |                     |                      |
| Beginning of year  | <u>2,356,526</u>          | <u>18,702,461</u>    | <u>-</u>            | <u>21,058,987</u>    |
| End of year  | <u>\$ 14,379,475</u>      | <u>\$ 20,697,504</u> | <u>\$ -</u>         | <u>\$ 35,076,979</u> |
| <b>Supplemental Disclosures of Cash Flow Information:</b>  |                           |                      |                     |                      |
| Cash paid for interest   | <u>\$ 48,800</u>          | <u>\$ 2,540,024</u>  | <u>\$ (34,081)</u>  | <u>\$ 2,554,743</u>  |
| <b>Supplemental Disclosure of Non-cash Transactions:</b>   |                           |                      |                     |                      |
| Donated land   | <u>\$ 7,565,563</u>       | <u>\$ -</u>          | <u>\$ -</u>         | <u>\$ 7,565,563</u>  |
| Property and equipment funded through construction payables  | <u>\$ 1,554,693</u>       | <u>\$ -</u>          | <u>\$ -</u>         | <u>\$ 1,554,693</u>  |
| <b>Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Consolidating Statement of Financial Position:</b> |                           |                      |                     |                      |
| Cash and cash equivalents  | \$ 3,178,085              | \$ 9,386,180         | \$ -                | \$ 12,564,265        |
| Current portion of escrows and restricted deposits   | -                         | 665,530              | -                   | 665,530              |
| Escrows and restricted deposits, net of current portion  | <u>11,201,390</u>         | <u>10,645,794</u>    | <u>-</u>            | <u>21,847,184</u>    |
| Total cash, cash equivalents and restricted cash shown in the consolidating statement of cash flows                                    | <u>\$ 14,379,475</u>      | <u>\$ 20,697,504</u> | <u>\$ -</u>         | <u>\$ 35,076,979</u> |

**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Consolidating Statement of Cash Flows  
For the Year Ended December 31, 2018

|  | <u>Dorchester<br/>Bay</u> | <u>Rental</u>        | <u>Eliminations</u>   | <u>Total</u>         |
|--|---------------------------|----------------------|-----------------------|----------------------|
| <b>Cash Flows from Operating Activities:</b>   |                           |                      |                       |                      |
| Changes in net assets  | \$ 249,793                | \$ 2,500,511         | \$ (3,892,332)        | \$ (1,142,028)       |
| Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:                                 |                           |                      |                       |                      |
| Depreciation and amortization  | 41,491                    | 6,921,357            | (412,358)             | 6,550,490            |
| Amortization charged as interest expense   | 2,475                     | 154,643              | -                     | 157,118              |
| Bad debts  | 395,167                   | 102,044              | (361,123)             | 136,088              |
| Capital grants   | -                         | (55,910)             | -                     | (55,910)             |
| Recovery of notes receivable and due from affiliates:  | (292,146)                 | -                    | 292,146               | -                    |
| Deferred interest  | -                         | 2,451,432            | (1,526,647)           | 924,785              |
| Forgiveness of debt  | -                         | (4,159,088)          | 4,159,088             | -                    |
| Change in discount on notes payable  | -                         | 20,922               | -                     | 20,922               |
| Changes in operating assets and liabilities:   |                           |                      |                       |                      |
| Grants receivable  | (262,690)                 | -                    | -                     | (262,690)            |
| Tenant and other receivables   | 863                       | 5,017                | -                     | 5,880                |
| Due from affiliates  | (839,688)                 | 10,499               | 829,189               | -                    |
| Prepaid expenses and other current assets  | 8,595                     | (57,471)             | -                     | (48,876)             |
| Due to affiliates  | 156,700                   | 955,854              | (1,112,554)           | -                    |
| Accounts payable and accrued expenses  | 206,456                   | (2,079,225)          | (26,519)              | (1,899,288)          |
| Net cash provided by (used in) operating activities:   | <u>(332,984)</u>          | <u>6,770,585</u>     | <u>(2,051,110)</u>    | <u>4,386,491</u>     |
| <b>Cash Flows from Investing Activities:</b>   |                           |                      |                       |                      |
| Net increase in due from affiliate   | (313,272)                 | -                    | 313,272               | -                    |
| Net increase in due to affiliate   | (14,570)                  | -                    | 14,570                | -                    |
| Net decrease in notes and interest receivable  | (140,820)                 | -                    | -                     | (140,820)            |
| Issuance of notes and interest receivable to related parties:  | (63,283)                  | -                    | 63,283                | -                    |
| Purchase of property and equipment   | (15,367)                  | (1,408,215)          | -                     | (1,423,582)          |
| Net increase in projects under development   | (254,754)                 | (701,359)            | -                     | (956,113)            |
| Net cash used in investing activities  | <u>(802,066)</u>          | <u>(2,109,574)</u>   | <u>391,125</u>        | <u>(2,520,515)</u>   |
| <b>Cash Flows from Financing Activities:</b>   |                           |                      |                       |                      |
| Capital grants   | -                         | 55,910               | -                     | 55,910               |
| Capital contributions  | -                         | 16,829,959           | (89,779)              | 16,740,180           |
| Distributions  | -                         | (1,227,052)          | 1,159,993             | (67,059)             |
| Proceeds from notes payable  | 1,355,103                 | -                    | -                     | 1,355,103            |
| Principal payments on notes payable  | (781,109)                 | (16,287,318)         | 4,654                 | (17,063,773)         |
| Proceeds from contingent debt and deferred interest  | -                         | 424,045              | (424,045)             | -                    |
| Payments on contingent debt and deferred interest  | -                         | (2,283,197)          | 1,009,162             | (1,274,035)          |
| Net cash provided by (used in) financing activities  | <u>573,994</u>            | <u>(2,487,653)</u>   | <u>1,659,985</u>      | <u>(253,674)</u>     |
| <b>Net Change in Cash, Cash Equivalents and Restricted Cash</b>  | (561,056)                 | 2,173,358            | -                     | 1,612,302            |
| <b>Cash, Cash Equivalents and Restricted Cash:</b>   |                           |                      |                       |                      |
| Beginning of year  | <u>2,917,582</u>          | <u>16,529,103</u>    | <u>-</u>              | <u>19,446,685</u>    |
| End of year  | <u>\$ 2,356,526</u>       | <u>\$ 18,702,461</u> | <u>\$ -</u>           | <u>\$ 21,058,987</u> |
| <b>Supplemental Disclosures of Cash Flow Information:</b>  |                           |                      |                       |                      |
| Cash paid for interest   | <u>\$ 36,767</u>          | <u>\$ 2,820,765</u>  | <u>\$ (32,431)</u>    | <u>\$ 2,825,101</u>  |
| <b>Supplemental Disclosure of Non-cash Transactions:</b>   |                           |                      |                       |                      |
| Forgiveness of notes payable and contingent debt   | <u>\$ -</u>               | <u>\$ 4,159,088</u>  | <u>\$ (4,159,088)</u> | <u>\$ -</u>          |
| <b>Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Consolidating Statement of Financial Position:</b> |                           |                      |                       |                      |
| Cash and cash equivalents  | \$ 1,182,281              | \$ 7,816,552         | \$ -                  | \$ 8,998,833         |
| Current portion of escrows and restricted deposits:  | -                         | 1,019,361            | -                     | 1,019,361            |
| Escrows and restricted deposits, net of current portion  | <u>1,174,245</u>          | <u>9,866,548</u>     | <u>-</u>              | <u>11,040,793</u>    |
| Total cash, cash equivalents and restricted cash shown in the consolidating statement of cash flows                                    | <u>\$ 2,356,526</u>       | <u>\$ 18,702,461</u> | <u>\$ -</u>           | <u>\$ 21,058,987</u> |

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Consolidating Statement of Functional Expenses  
For the Year Ended December 31, 2019

|   | Dorchester Bay        |                     |                   |                                    |                  |                            | Rental<br>(Exhibit B) | Eliminations         | Total                 |                        |
|---|-----------------------|---------------------|-------------------|------------------------------------|------------------|----------------------------|-----------------------|----------------------|-----------------------|------------------------|
|   | Program Services      |                     |                   | General and<br>Adminis-<br>trative | Fundraising      | Total<br>Dorchester<br>Bay |                       |                      |                       |                        |
|   | Community<br>Services | Asset<br>Management | Loan<br>Programs  |                                    |                  |                            |                       |                      |                       | Project<br>Development |
| <b>Personnel and Related Costs:</b>   |                       |                     |                   |                                    |                  |                            |                       |                      |                       |                        |
| Consulting and contract labor   | \$ -                  | \$ -                | \$ -              | \$ -                               | \$ -             | \$ -                       | \$ 2,355,543          | \$ -                 | \$ 2,355,543          |                        |
| Payroll   | 382,857               | 246,112             | 368,217           | 858,157                            | 142,102          | 352,170                    | -                     | -                    | 2,349,615             |                        |
| Employee benefits   | 71,505                | 45,997              | 69,128            | 138,232                            | 30,371           | 66,445                     | -                     | -                    | 421,678               |                        |
| Payroll taxes   | 29,152                | 18,726              | 27,988            | 56,217                             | 10,678           | 26,721                     | -                     | -                    | 169,482               |                        |
| <b>Total personnel and related costs</b>  | <b>483,514</b>        | <b>310,835</b>      | <b>465,333</b>    | <b>1,052,606</b>                   | <b>183,151</b>   | <b>445,336</b>             | <b>2,940,775</b>      | <b>2,355,543</b>     | <b>5,296,318</b>      |                        |
| <b>Occupancy:</b>   |                       |                     |                   |                                    |                  |                            |                       |                      |                       |                        |
| Interest  | -                     | -                   | -                 | 4,713                              | -                | -                          | 4,713                 | 2,695,625            | (34,081)              | 2,666,257              |
| Utilities   | 47                    | -                   | -                 | 1,567                              | 10,383           | -                          | 11,997                | 2,361,083            | -                     | 2,373,080              |
| Contracted services   | -                     | -                   | -                 | 1,727                              | -                | -                          | 1,727                 | 2,106,332            | -                     | 2,108,059              |
| Real estate taxes   | -                     | -                   | -                 | 3,622                              | -                | -                          | 3,622                 | 1,158,724            | -                     | 1,162,346              |
| Repairs and maintenance   | 25                    | -                   | -                 | 11,988                             | 30,873           | 648                        | 43,534                | 1,047,946            | -                     | 1,091,480              |
| Insurance   | -                     | -                   | -                 | 11,497                             | 12,194           | -                          | 23,691                | 648,630              | -                     | 672,321                |
| Rent  | 7,399                 | 3,893               | 5,387             | 3,265                              | 26,731           | 7,049                      | 53,724                | 20,182               | (56,089)              | 17,817                 |
| <b>Total occupancy</b>  | <b>7,471</b>          | <b>3,893</b>        | <b>5,387</b>      | <b>38,379</b>                      | <b>80,181</b>    | <b>7,697</b>               | <b>143,008</b>        | <b>10,038,522</b>    | <b>(90,170)</b>       | <b>10,091,360</b>      |
| <b>Other:</b>   |                       |                     |                   |                                    |                  |                            |                       |                      |                       |                        |
| Professional fees   | 81,377                | 52,249              | 66,032            | 46,603                             | 454,835          | 18,153                     | 719,249               | 378,291              | -                     | 1,097,540              |
| Management fees   | -                     | -                   | -                 | 134,437                            | -                | -                          | 134,437               | 961,052              | (27,847)              | 1,067,642              |
| Office  | 33,504                | 5,191               | 41,926            | 45,358                             | 92,613           | 29,360                     | 247,952               | 413,218              | -                     | 661,170                |
| Bad debts   | -                     | -                   | 116,532           | 572,006                            | -                | -                          | 688,538               | 162,239              | (551,906)             | 298,871                |
| Miscellaneous   | 14,032                | -                   | 26,089            | 31,714                             | 15,486           | 29,720                     | 117,041               | 114,033              | -                     | 231,074                |
| Grants paid to others   | -                     | -                   | -                 | 191,972                            | -                | -                          | 191,972               | -                    | -                     | 191,972                |
| Tenant services   | -                     | -                   | -                 | -                                  | -                | -                          | -                     | 606,107              | (459,893)             | 146,214                |
| Interest  | -                     | -                   | 3,660             | 4,178                              | 38,724           | -                          | 46,562                | -                    | -                     | 46,562                 |
| <b>Total other</b>  | <b>128,913</b>        | <b>57,440</b>       | <b>254,239</b>    | <b>1,026,268</b>                   | <b>601,658</b>   | <b>77,233</b>              | <b>2,145,751</b>      | <b>2,634,940</b>     | <b>(1,039,646)</b>    | <b>3,741,045</b>       |
| <b>Total expenses before depreciation and amortization and allocation of general and administrative</b> | <b>619,898</b>        | <b>372,168</b>      | <b>724,959</b>    | <b>2,117,253</b>                   | <b>864,990</b>   | <b>530,266</b>             | <b>5,229,534</b>      | <b>15,029,005</b>    | <b>(1,129,816)</b>    | <b>19,128,723</b>      |
| <b>Depreciation and Amortization</b>  | <b>-</b>              | <b>-</b>            | <b>-</b>          | <b>11,205</b>                      | <b>31,001</b>    | <b>-</b>                   | <b>42,206</b>         | <b>6,865,472</b>     | <b>(412,359)</b>      | <b>6,495,319</b>       |
| <b>Total expenses before allocation of general and administrative</b>                                   | <b>619,898</b>        | <b>372,168</b>      | <b>724,959</b>    | <b>2,128,458</b>                   | <b>895,991</b>   | <b>530,266</b>             | <b>5,271,740</b>      | <b>21,894,477</b>    | <b>(1,542,175)</b>    | <b>25,624,042</b>      |
| <b>Allocation of General and Administrative</b>   | <b>154,469</b>        | <b>92,739</b>       | <b>180,649</b>    | <b>468,134</b>                     | <b>(895,991)</b> | <b>-</b>                   | <b>-</b>              | <b>-</b>             | <b>-</b>              | <b>-</b>               |
| <b>Less - capitalized costs</b>   | <b>774,367</b>        | <b>464,907</b>      | <b>905,608</b>    | <b>2,596,592</b>                   | <b>-</b>         | <b>530,266</b>             | <b>5,271,740</b>      | <b>21,894,477</b>    | <b>(1,542,175)</b>    | <b>25,624,042</b>      |
| <b>Total expenses</b>   | <b>\$ 774,367</b>     | <b>\$ 464,907</b>   | <b>\$ 905,608</b> | <b>\$ 2,346,791</b>                | <b>\$ -</b>      | <b>\$ 530,266</b>          | <b>\$ 5,021,939</b>   | <b>\$ 21,894,477</b> | <b>\$ (1,542,175)</b> | <b>\$ 25,374,241</b>   |

The accompanying notes are an integral part of these consolidating statements.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Consolidating Statement of Functional Expenses  
For the Year Ended December 31, 2018

|   | Dorchester Bay        |                     |                   |                        |                                    |                   | Total<br>Dorchester<br>Bay | Rental<br>(Exhibit B) | Eliminations          | Total                |
|---|-----------------------|---------------------|-------------------|------------------------|------------------------------------|-------------------|----------------------------|-----------------------|-----------------------|----------------------|
|   | Community<br>Services | Asset<br>Management | Loan<br>Programs  | Project<br>Development | General and<br>Adminis-<br>trative | Fundraising       |                            |                       |                       |                      |
| <b>Personnel and Related Costs:</b>   |                       |                     |                   |                        |                                    |                   |                            |                       |                       |                      |
| Consulting and contract labor   | \$ -                  | \$ -                | \$ -              | \$ -                   | \$ -                               | \$ -              | \$ -                       | \$ 2,310,541          | \$ -                  | \$ 2,310,541         |
| Payroll   | 417,075               | 114,873             | 336,640           | 779,049                | 316,331                            | 231,449           | 2,195,417                  | -                     | -                     | 2,195,417            |
| Employee benefits   | 72,690                | 20,874              | 54,613            | 139,484                | 63,797                             | 58,901            | 410,359                    | -                     | -                     | 410,359              |
| Payroll taxes   | 29,684                | 8,549               | 22,280            | 57,110                 | 24,269                             | 24,029            | 165,921                    | -                     | -                     | 165,921              |
| <b>Total personnel and related costs</b>  | <b>519,449</b>        | <b>144,296</b>      | <b>413,533</b>    | <b>975,643</b>         | <b>404,397</b>                     | <b>314,379</b>    | <b>2,771,697</b>           | <b>2,310,541</b>      | <b>-</b>              | <b>5,082,238</b>     |
| <b>Occupancy:</b>   |                       |                     |                   |                        |                                    |                   |                            |                       |                       |                      |
| Interest  | -                     | -                   | -                 | 4,487                  | -                                  | -                 | 4,487                      | 2,975,408             | (32,431)              | 2,947,464            |
| Utilities   | 5                     | -                   | -                 | 2,190                  | 8,605                              | -                 | 10,800                     | 2,365,684             | -                     | 2,376,484            |
| Contracted services   | -                     | -                   | -                 | 120,707                | -                                  | -                 | 120,707                    | 1,850,547             | -                     | 1,971,254            |
| Real estate taxes   | -                     | -                   | -                 | 3,223                  | -                                  | -                 | 3,223                      | 1,246,323             | -                     | 1,249,546            |
| Repairs and maintenance   | -                     | 7,100               | 731               | 21,735                 | 18,807                             | 154               | 48,527                     | 850,820               | -                     | 899,347              |
| Insurance   | 99                    | -                   | -                 | 18,920                 | 4,615                              | -                 | 23,634                     | 566,819               | -                     | 590,453              |
| Rent  | 14,787                | 6,695               | 12,284            | 8,283                  | 4,805                              | 5,405             | 52,259                     | 19,619                | (55,600)              | 16,278               |
| <b>Total occupancy</b>  | <b>14,891</b>         | <b>13,795</b>       | <b>13,015</b>     | <b>179,545</b>         | <b>36,832</b>                      | <b>5,559</b>      | <b>263,637</b>             | <b>9,875,220</b>      | <b>(88,031)</b>       | <b>10,050,826</b>    |
| <b>Other:</b>   |                       |                     |                   |                        |                                    |                   |                            |                       |                       |                      |
| Professional fees   | 139,233               | 6,353               | 80,144            | 175,223                | 379,820                            | 36,828            | 817,601                    | 390,555               | -                     | 1,208,156            |
| Management fees   | -                     | -                   | -                 | -                      | -                                  | -                 | -                          | 949,539               | (36,725)              | 912,814              |
| Office  | 46,523                | 1,649               | 30,474            | 34,254                 | 86,512                             | 30,114            | 229,526                    | 351,405               | -                     | 580,931              |
| Bad debts   | -                     | 13,163              | -                 | 376,301                | 5,703                              | -                 | 395,167                    | 102,044               | (361,123)             | 136,088              |
| Miscellaneous   | 20,201                | 520                 | 4,374             | 3,686                  | 28,620                             | 16,554            | 73,955                     | 103,731               | -                     | 177,686              |
| Grants paid to others   | -                     | -                   | -                 | 134,729                | -                                  | -                 | 134,729                    | -                     | -                     | 134,729              |
| Tenant services   | -                     | -                   | -                 | -                      | -                                  | -                 | -                          | 591,329               | (467,080)             | 124,249              |
| Interest  | -                     | -                   | 1,471             | 6,936                  | 26,348                             | -                 | 34,755                     | -                     | -                     | 34,755               |
| <b>Total other</b>  | <b>205,957</b>        | <b>21,685</b>       | <b>116,463</b>    | <b>731,129</b>         | <b>527,003</b>                     | <b>83,496</b>     | <b>1,685,733</b>           | <b>2,488,603</b>      | <b>(864,928)</b>      | <b>3,309,408</b>     |
| <b>Total expenses before depreciation and amortization and allocation of general and administrative</b> | <b>740,297</b>        | <b>179,776</b>      | <b>543,011</b>    | <b>1,886,317</b>       | <b>968,232</b>                     | <b>403,434</b>    | <b>4,721,067</b>           | <b>14,674,364</b>     | <b>(952,959)</b>      | <b>18,442,472</b>    |
| <b>Depreciation and Amortization</b>  | <b>6,259</b>          | <b>-</b>            | <b>3,333</b>      | <b>8,442</b>           | <b>23,457</b>                      | <b>-</b>          | <b>41,491</b>              | <b>6,921,357</b>      | <b>(412,358)</b>      | <b>6,550,490</b>     |
| <b>Total expenses before allocation of general and administrative</b>                                   | <b>746,556</b>        | <b>179,776</b>      | <b>546,344</b>    | <b>1,894,759</b>       | <b>991,689</b>                     | <b>403,434</b>    | <b>4,762,558</b>           | <b>21,595,721</b>     | <b>(1,365,317)</b>    | <b>24,992,962</b>    |
| <b>Allocation of General and Administrative</b>   | <b>219,856</b>        | <b>52,943</b>       | <b>160,895</b>    | <b>557,995</b>         | <b>(991,689)</b>                   | <b>-</b>          | <b>-</b>                   | <b>-</b>              | <b>-</b>              | <b>-</b>             |
| <b>Less - capitalized costs</b>   | <b>966,412</b>        | <b>232,719</b>      | <b>707,239</b>    | <b>2,452,754</b>       | <b>-</b>                           | <b>403,434</b>    | <b>4,762,558</b>           | <b>21,595,721</b>     | <b>(1,365,317)</b>    | <b>24,992,962</b>    |
| <b>Total expenses</b>   | <b>\$ 966,412</b>     | <b>\$ 232,719</b>   | <b>\$ 707,239</b> | <b>\$ 2,216,138</b>    | <b>\$ -</b>                        | <b>\$ 403,434</b> | <b>\$ 4,525,942</b>        | <b>\$ 21,595,721</b>  | <b>\$ (1,365,317)</b> | <b>\$ 24,756,346</b> |

The accompanying notes are an integral part of these consolidating statements.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

#### OPERATIONS AND NONPROFIT STATUS

Dorchester Bay Economic Development Corporation (DBEDC), a Massachusetts nonprofit corporation, was formed in 1979 by local civic associations to address the problems of economic disinvestment, unemployment, crime, community tensions, and the shortage of quality affordable housing undermining Boston's Dorchester neighborhoods. Working closely with neighborhoods, residents, businesses, and partners, DBEDC accesses resources to develop and preserve home ownership and rental housing across income levels, create and sustain economic development opportunities for businesses and individuals, and build community through organizing, civic engagement, and leadership development.

DBEDC is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). DBEDC is also exempt from state income taxes. Contributions are deductible by donors within the requirements of the IRC.

#### SIGNIFICANT ACCOUNTING POLICIES

DBEDC prepares its consolidating financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

#### Principles of Consolidation

The accompanying consolidating financial statements include the accounts of DBEDC, its wholly-owned and majority-owned subsidiaries, and certain controlled limited partnerships (LPs), limited liability corporations (LLCs), and nonprofit organizations that own and operate real estate developments sponsored by DBEDC (see Note 2). All significant intercompany balances and transactions have been eliminated in the accompanying consolidating financial statements. DBEDC and its related organizations are collectively referred to as the Agency in the accompanying consolidating financial statements and notes.

#### *Adoption of New Accounting Standards*

##### *Revenue from Contracts with Customers*

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Topic 606 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and requires the reporting entity to recognize revenues when control of promised goods or services is transferred to customers and at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

On January 1, 2019, the Agency adopted Topic 606 using the modified retrospective method applied to those contracts which were not completed as of January 1, 2019 (the practical expedient elected). Results for reporting periods beginning after January 1, 2019, are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Agency's historic accounting under Topic 605.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### *Adoption of New Accounting Standards* (Continued)

##### *Revenue from Contracts with Customers* (Continued)

There were no material changes in the timing of recognition of revenue and, therefore, there was no adjustment to the opening balance of net assets without donor restrictions. The Agency does not expect the adoption of the new revenue standard to have a significant impact on its changes in net assets on an ongoing basis.

##### *Contributions Received and Contributions Made*

During 2019, the Agency adopted FASB's ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU assists organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The Agency adopted ASU 2018-08 using a modified prospective method effective January 1, 2019. Under the modified prospective method, this ASU only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of January 1, 2019. As a result, the 2018 consolidating financial statements are not restated and there was no cumulative-effect adjustment to opening net assets as of January 1, 2019. There was no effect of adopting the new accounting principle in 2019.

##### *Restricted Cash*

During 2019, the Agency adopted FASB's ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This ASU amends the presentation of restricted cash and cash equivalents within the consolidating statements of cash flows. The new guidance requires that restricted cash and cash equivalents be added to cash and cash equivalents for purposes of the consolidating statements of cash flows. This ASU has been applied retrospectively to all periods presented.

The adoption of ASU 2016-18 resulted in the following changes to the Agency's cash flow classification for the year ended December 31, 2018:

| <u>Consolidating Statement of Cash Flows</u>             | <b>2018</b>                   |                           |                         |
|--|-------------------------------|---------------------------|-------------------------|
|  | <u>As Previously Reported</u> | <u>Effect of Adoption</u> | <u>2018 As Adjusted</u> |
| Operating activities                                     | \$ 4,537,758                  | \$ (151,267)              | \$ 4,386,491            |
| Investing activities                                     | (3,732,532)                   | 1,212,017                 | (2,520,515)             |
| Financing activities                                     | (253,674)                     | -                         | (253,674)               |
| Net change in cash, cash equivalents and restricted cash | <u>\$ 551,552</u>             | <u>\$ 1,060,750</u>       | <u>\$ 1,612,302</u>     |

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Cash and Cash Equivalents, Escrows and Restricted Deposits

For purposes of the consolidating statements of cash flows, cash and cash equivalents consist of cash and other unrestricted highly liquid investments with an original maturity of three months or less. Cash and cash equivalents also includes restricted cash, consisting of escrows and restricted deposits (see Note 4). As of December 31, 2019 and 2018, there were no cash equivalents.

##### Loan Loss Allowances

An allowance for loan losses (see Note 5) is an estimate of expected loan losses. The loan loss allowance is based upon expected losses as determined under a risk rating system.

##### Projects Under Development

All project-related costs incurred during predevelopment and construction are capitalized for developments currently owned by the Agency. Project-related costs include, among others, staff overhead costs, construction costs, interest, and other soft costs, and are reflected as projects under development in the accompanying consolidating financial statements (see Note 7). Where the Agency has paid for project-related costs for developments owned by other entities, such costs are reflected as due from affiliates in the accompanying consolidating financial statements.

##### Property and Equipment and Depreciation

Property and equipment are recorded at cost, if purchased, or at fair value at the date of donation, if donated. Improvements and major renovations are capitalized, while ordinary repairs and maintenance are expensed as incurred. Depreciation is provided using the straight-line method over the following estimated useful lives:

|                                   |              |
|-----------------------------------|--------------|
| Land improvements                 | 15 years     |
| Buildings and improvements        | 5 - 40 years |
| Furniture, fixtures and equipment | 3 - 10 years |

Land is not depreciated. Depreciation expense for the years ended December 31, 2019 and 2018, was \$6,470,472 and \$6,525,643, respectively.

The Agency reviews the value of its property and equipment for impairment whenever changes in circumstances indicate that the carrying value of such property may not be recoverable in accordance with the requirements of ASC Topic, *Property, Plant and Equipment* under U.S. GAAP. No impairment was recognized during 2019 and 2018.



## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which approximates the effective interest method (see Notes 8 and 9).

##### Estimates

The preparation of consolidating financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidating financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### Capitalized Costs and Amortization

Capitalized costs consist of capitalized tax credit fees totaling \$537,951 as of December 31, 2019 and 2018. These fees have been capitalized and are being amortized on the straight-line basis over the term of tax credit period (fifteen years). Accumulated amortization was \$252,949 and \$228,101 as of December 31, 2019 and 2018, respectively. Amortization expense for 2019 and 2018 was \$24,848 and \$24,847, respectively.

Expected amortization expense over the next five years is as follows:

|      | <b><u>Amount</u></b> |
|------|----------------------|
| 2020 | \$ 24,846            |
| 2021 | \$ 22,674            |
| 2022 | \$ 21,691            |
| 2023 | \$ 20,504            |
| 2024 | \$ 18,235            |

##### Revenue Recognition

The Agency generally measures revenue for qualifying exchange transactions based on the amount of consideration the Agency expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Agency satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Agency evaluates its revenue contracts with customers (i.e. developer fee and service fee contracts) based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Revenue Recognition (Continued)

Project fees and reimbursements are earned by DBEDC in its role as sponsor and developer of its affiliates' (see Note 2) projects. Fees and project reimbursements are generally earned under written developer agreements executed with the affiliates that detail the rights and responsibilities of both parties under each project development agreement. The agreements define the scope of activities to be provided by DBEDC and generally include supervising and coordinating project projections, overseeing the construction and or rehabilitation, obtaining the necessary permitting, and overseeing and coordinating any reporting requirements of the project. These activities under the agreement are considered a single performance obligation as the services provided are not considered to be distinct within the context of the agreement. DBEDC determined the services within the agreement are highly interdependent with each other and comprise an integrated series of activities associated with the completion of a single real estate development project. Developer agreements define the fixed compensation that DBEDC is expected to be entitled and a schedule of payments to be made from project development sources and, in some cases, from net cash flow from project operations. The performance obligations under developer agreements are satisfied over time as DBEDC's performance creates or enhances a real estate asset that the affiliate controls. Accordingly, DBEDC recognizes revenue from developer agreements over time, as the services are rendered, based on an input method of developer time and effort incurred relative to total expected developer time and effort to complete the contract. Due to the contingent nature of certain developer fees which may be payable from net cash flow from project operations, some are not recognized until received or when collection is assured. See Note 2 for required disclosures related to these developer agreements.

Resident and program service fees are recognized by DBEDC for services provided to their affiliates (see Note 2), which include partnership management fees and asset management fees. Services are generally provided on an annual basis incident to separate agreements that renew annually at the election of the parties or under aspects of the operating agreements that govern the operations of the affiliate. These agreements specify the compensation for each annual period. Each service is considered a single performance obligation as each service is distinct. The performance obligations under these agreements are satisfied evenly over the year as the affiliate receives the benefits provided as DBEDC performs. Management fees are generally recognized in one calendar year. Compensation is generally fixed under the relevant agreement, but may contain variable components in the case of certain partnership management services. Certain fees are only earned and/or payable subject to the availability of net cash flow from the affiliate's operations and are only recognized as revenue when collection is assured.

In accordance with ASC Sub Topic 958-605, *Revenue Recognition*, the Agency must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that DBEDC should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Revenue Recognition (Continued)

The Agency reports gifts and grants of cash and other assets, including funds raised from special events, as net assets with donor restrictions if they are received or pledged with donor stipulations that limit the use of the donated assets with respect to purpose or time. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidating statements of activities as net assets released from restrictions. Amounts received and released from restrictions within the same fiscal year are reported as net assets without donor restrictions. Grants and contributions without donor restrictions are recognized when received or unconditionally committed by the donor.

Rental income is recorded pro-rata over the life of the related leases and is shown net of vacancies and concessions. Interest income and other is recognized as earned. Recovery of notes receivable and due from affiliates that are payable from project cash flow are recognized as non-operating revenue upon receipt. Donated land is recorded at fair value at the time of donation.

Mortgage loan and bank interest income from the Commonwealth of Massachusetts, Department of Housing and Community Development's (DHCD) notes receivable and lending cash reserves held by Boston Homeowner Services Collaborative, Inc. are recorded as net assets with donor restrictions additions (see page 19). Interest income of the NeighborWorks® America (NWA) revolving loan fund is included in net assets without donor restrictions. All other income is recognized as earned.

##### Consolidating Statements of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenues and operating expenses in the accompanying consolidating statements of activities. Peripheral or incidental transactions are reported as non-operating revenues (expenses).

##### Expense Allocation

Expenses related directly to a program or function are distributed to that program or function, while other expenses are allocated based upon management's estimate of the percentage attributable to each program or function.

The consolidating statements of functional expenses contain certain categories of expenses that are attributable to program and supporting functions and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include payroll, employee benefits, payroll taxes, professional fees, office, utilities, rent, and insurance, which are allocated based on an estimate of time and level of effort spent on the Agency's programs and supporting functions.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Fair Value Measurements

The Agency follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Agency would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Agency uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Agency. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Net Asset Classification

**Net assets without donor restrictions** are those net resources that bear no external restrictions and are generally available for use by the Agency. The Agency has grouped its net assets without donor restrictions into the following categories:

- **Operating net assets** represent the portion of each net asset group that is considered substantially liquid and available for general operations in the near term. Operating net assets also include projects under development that are held for sale and are expected to be realized within one year.
- **Development net assets** represent those assets and liabilities related to the Agency's project developments, completed and uncompleted, which are long-term in nature and are not expected to be available for operations for at least one year from the consolidating statement of financial position date.
- **Property and equipment net assets** represent that portion of net assets invested into property and equipment, including related restricted deposits (see Note 4), net of related liabilities.
- **Board designated net assets:**

DBEDC's Board of Directors has designated net assets without donor restrictions for the following purposes as of December 31, 2019 and 2018:

**Operating reserve** is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, an unanticipated loss in funding, or uninsured losses.

**Non-operating reserve** is intended primarily to provide an internal source of funds for predevelopment projects where grants, lines of credit or other funding sources are not available. While there might be other expenditures where this fund may be used, it is intended for emergencies and not for strategic or opportunistic matters.

|                       | <u>2019</u>       | <u>2018</u>       |
|-----------------------|-------------------|-------------------|
| Operating reserve     | \$ 297,699        | \$ 297,928        |
| Non-operating reserve | <u>62,528</u>     | <u>62,639</u>     |
|                       | <u>\$ 360,227</u> | <u>\$ 360,567</u> |

These funds may only be used with authorization from the Board of Directors and are set aside in separate depository accounts.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Net Asset Classification (Continued)

**Net assets with donor restrictions** include those net resources not yet released in accordance with donor designations. Net assets with donor restrictions consist of the following at December 31:

|                                      | <u>2019</u>         | <u>2018</u>         |
|--------------------------------------|---------------------|---------------------|
| Project Development:                 |                     |                     |
| Fairmount Collaborative (see Note 7) | \$ 152,555          | \$ 229,755          |
| Other                                | <u>86,125</u>       | <u>-</u>            |
| Subtotal Project Development         | 238,680             | 229,755             |
| Other purpose restricted grants:     |                     |                     |
| Loan capital                         | 1,442,757           | 1,307,324           |
| Revolving loan fund capital - NWA    | 119,501             | 119,501             |
| Other                                | <u>-</u>            | <u>100,000</u>      |
|                                      | <u>\$ 1,800,938</u> | <u>\$ 1,756,580</u> |

Net assets with donor restrictions also include revolving loan fund balances that may be used to cover loan losses, if any, incurred in the respective funds.

Included in purpose restricted grants are funds that have been invested into projects under development (see Note 7). To achieve an appropriate matching of revenues with related costs and expenses, it is the Agency's policy to release these net assets from restriction upon final sale or disposition of the particular project.

Net assets with donor restrictions also include revolving loan fund capital restricted by NWA. NWA reserves the right to specifically approve reductions in the balance of its funding when any portion of the principal of their fund becomes impaired because of loan losses. Accordingly, these funds have been classified as net assets with donor restrictions. Until such time as loan loss approvals are received, the allowance for doubtful accounts in this fund is reflected as an unrestricted deficit.

**Non-controlling interests** represent the net capital interests of outside investors participating in the ownership of certain consolidating affiliates of DBEDC.

#### Income Taxes

The Agency accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the consolidating financial statements regarding a tax position taken or expected to be taken in a tax return. The Agency has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the consolidating financial statements at December 31, 2019 and 2018.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Income Taxes (Continued)

As discussed on page 11, DBEDC, DBH, DBNLF, and BHSC (see Note 2) are exempt from income taxes under Section 501(c)(3) of the IRC. The General Partners are for-profit corporations subject to income taxation at the Federal and state levels. The General Partners had, for Federal income tax purposes, net operating loss carryforwards available to offset future taxable income as of December 31, 2019 and 2018. Net operating losses incurred through 2017 will be carried forward and expire at various dates through 2037. Net operating losses incurred in 2018 forward will be carried forward indefinitely. The value of the deferred tax assets associated with the net operating loss carryforwards has been reserved due to the uncertainty of their future use. No income tax provision has been included in the consolidating financial statements for the rental properties (see Note 2) as the income, loss and credits are reported by the partners on their respective income tax returns.

##### Subsequent Events

Subsequent events have been evaluated through July 7, 2020, which is the date the consolidating financial statements were available to be issued. See Notes 8, 11, and 17 for events met the criteria for recognition or disclosure in the consolidating financial statements.

### 2. RELATED PARTY TRANSACTIONS

The Agency's consolidating financial statements include the following entities:

#### Consolidated Entities

DBEDC shares common Board members and management with DBI, DBH, DBNLF, DFH, and BHSC (see below and page 21). These entities, controlled affiliates and the general partner subsidiaries, as listed on pages 21 through 23, are collectively referred to as Dorchester Bay in the accompanying consolidating financial statements.

#### Dorchester Bay:

**DB Industrial, Inc. (DBI)** is a for-profit corporation, wholly-owned by DBEDC, formed in 1994 to participate with DBEDC in commercial development projects.

**DB Housing, Inc. (DBH)** is a nonprofit organization, formed for charitable purposes under Section 501(c)(3) of the IRC. DBH was formed in 1989 to participate with DBEDC in housing-related real estate developments.

**Dorchester Bay Neighborhood Loan Fund (DBNLF)** is a nonprofit organization, formed for charitable purposes under Section 501(c)(3) of the IRC. DBNLF was formed in 1998 to oversee and operate small business and homeowner lending services.

DBNLF has been granted status as a Community Development Financial Institution (CDFI) by the U.S. Department of the Treasury (the Treasury) qualifying it for certain awards and support from the Treasury.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 2. RELATED PARTY TRANSACTIONS (Continued)

#### Consolidated Entities (Continued)

##### Dorchester Bay: (Continued)

**Dorchester Family Homes, LLC (DFH)** is a Massachusetts limited liability company, formed in 2002 to own, develop and manage real estate. DBH is the sole member of DFH.

**Boston Homeowner Services Collaborative, Inc. (BHSC)** is a nonprofit organization, formed for charitable purposes under Section 501(c)(3) of the IRC. BHSC was formed in 1974 to oversee and operate affordable homeowner lending services. BHSC is related to DBEDC through common Board of Directors' control.

##### Controlled Affiliates:

**Indigo Support Corporation (Indigo Support)** (formerly, DB Pierce Support Corporation) was formed during 2018 to support DBEDC as a supporting organization. During 2019, DB Pierce Support Corporation changed its name and obtained tax-exempt status under Section 501(c)(3) of the IRC.

**DB Commercial, Inc. (DBC)** is a Massachusetts Chapter 180 nonprofit corporation, formed in 2014 to operate exclusively for the benefit of DBEDC to plan, construct, own, operate, sell, maintain, rehabilitate, alter, convert, and improve commercial properties. DBC is related to DBEDC through common Board of Directors' control.

**DBEDC Holdings LLC (DBEDC Holdings)** is a Massachusetts limited liability company, formed in August 2015 to participate in housing-related real estate developments. DBH is the sole member of DBEDC Holdings.

**Indigo Master Tenant, LLC (Indigo MT)** is a Massachusetts limited liability company, formed during 2019 to participate in a commercial and residential real estate development project. DBEDC is the sole member of Indigo MT.

**Indigo Block Apartments, LLC (Indigo Apartments)** is a Massachusetts limited liability company, formed during 2015 to participate in a residential real estate development project. Indigo MM (see below) is the sole member of Indigo Apartments.

**Indigo Apartments MM, LLC (Indigo MM)** is a Massachusetts limited liability company, formed during 2015. Indigo MM holds a 100% interest in Indigo Apartments as its managing member. DBEDC held a 40% interest in Indigo MM until the formation of Indigo Blocker, LLC (see below) which now own 100% of Indigo MM.

**Indigo Apartments Landowner, LLC (Indigo Landowner)** is a Massachusetts limited liability company, formed during 2019 to participate in housing-related real estate development related to Indigo Apartments. DBEDC is the sole member of Indigo Landowner.

**Indigo Blocker, LLC (Indigo Blocker)** is a Massachusetts limited liability company, formed during 2019. Indigo Blocker holds 100% interest in Indigo MM (see above). DBEDC is the sole member of Indigo Blocker.



## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 2. RELATED PARTY TRANSACTIONS (Continued)

#### Consolidated Entities (Continued)

##### Dorchester Bay: (Continued)

##### Controlled Affiliates (Continued):

**Dudley Terrace Apartments LLC (Dudley Terrace Apartments)** is a Massachusetts limited liability corporation, formed in 2016 to acquire and rehabilitate the 56-unit project known as Dudley Terrace Apartments, currently owned by Dudley Terrace Limited Partnership (see page 24). DB Dudley Terrace MM LLC (see page 23) is the sole member of Dudley Terrace Apartments.

**Cottage Brook Housing Limited Partnership (CBLP)** is a Massachusetts limited partnership, formed in April 1992. DBCB Housing, Inc. owns 1% of CBLP. DBEDC maintains 99% ownership of CBLP as its limited partner.

**DB Leyland LLC (DB Leyland)** is a Massachusetts limited liability corporation, formed in 2019 to participate in real estate development activities. DBEDC is the sole member of DB Leyland.

##### General Partner Subsidiaries:

The following wholly-owned subsidiaries of the Agency are included in project development in the accompanying consolidating financial statements:

- **Dorchester Bay Development Corporation**, general partner (1% ownership interest) of Pierce Properties Limited Partnership
- **Glendale Properties, Inc.**, general partner (1% ownership interest) of Glendale Associates Limited Partnership
- **DBCB Housing Inc.**, general partner of Cottage Brook Housing Limited Partnership

DBEDC also owns a majority interest in the following subsidiaries, which are included in project development in the accompanying consolidating financial statements:

- **DB Uphams, Inc.**, general partner (1% ownership interest) of DB Uphams Limited Partnership, majority owned by DBEDC
- **QHI Housing, Inc.**, general partner (.01% ownership interest) of Quincy Heights Limited Partnership, majority owned by DBEDC
- **Ceylon Field, Inc.**, general partner (.01% ownership interest) of Ceylon Field Limited Partnership, majority owned by DBEDC
- **Wilder Gardens, Inc.**, general partner (.01% ownership interest) of Wilder Gardens Limited Partnership, majority owned by DBEDC
- **Dudley Terrace Housing, Inc.**, (.01% ownership interest) was the general partner of Dudley Terrace Limited Partnership, majority owned by DBEDC
- **Brunswick Holborn Housing Inc.**, general partner (.01% ownership interest) of Brunswick Holborn Two Limited Partnership, majority owned by DBEDC

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 2. RELATED PARTY TRANSACTIONS (Continued)

#### Consolidated Entities (Continued)

##### General Partner Subsidiaries: (Continued)

- **Columbia Wood Housing, Inc.**, general partner (.01% ownership interest) of Columbia Wood Two Limited Partnership, majority owned by DBEDC
- **DV North Housing, Inc.**, general partner (.01% ownership interest) of Dudley Village North Limited Partnership, majority owned by DBEDC
- **DV South Housing, Inc.**, general partner (.01% ownership interest) of Dudley Village South Limited Partnership, majority owned by DBEDC
- **Sister Clara Muhammed Cooperative Corp.**, managing general partner (.01% ownership interest) of 150 Magnolia Limited Partnership, majority owned by DBEDC
- **DB Cottage Brook, Inc.**, general partner (.01% ownership interest) of Cottage Brook Apartments Limited Partnership, majority owned by DBEDC
- **DB Dudley Terrace MM LLC**, managing general partner of Dudley Terrace Apartments. DBEDC is the sole member of DB Dudley Terrace MM LLC

The accompanying consolidating financial statements do not reflect the non-controlling interests in the majority-owned subsidiaries since the amounts are not material to the accompanying consolidating financial statements.

DBEDC also acts as a minority shareholder in various entities established to create and provide low-income housing.

#### Rental Properties:

**Pierce Properties Limited Partnership (Pierce Properties)** is a Massachusetts limited partnership. DBEDC has a 99% limited partner interest in Pierce Properties. Pierce Properties owns and operates a mixed residential-commercial property in Dorchester known as the Pierce Building.

**Geneva Apartments LLC (Geneva)** is a Massachusetts limited liability company, formed in March 2002, which consists of 47 residential units in five buildings. DBH has a 51% interest in Geneva and is the managing member.

**DB Uphams Limited Partnership (DBULP)** is a Massachusetts limited partnership, formed in November 1995, which consists of 36 residential units in four buildings. DBEDC maintains 99% ownership of DBULP as its limited partner.

**Glendale Associates Limited Partnership (GALP)** is a Massachusetts limited partnership, formed in April 1989 to acquire and rehabilitate residential real estate in Dorchester. DBH maintains 99% ownership of GALP as its limited partner.

**Dudley Village North Commercial, LLC (DVNC)** is a Massachusetts limited liability company, formed in May 2006 to acquire and rehabilitate 4,800 square feet of commercial real estate in Dorchester. DBEDC has a 51% interest and DBH has a 49% interest in DVNC.

**DB 618 Dudley Street, LLC (DB618)** is a Massachusetts limited liability company, which consists of four units, with DBH as its sole member. DB618 has elected to be disregarded as a separate entity for tax purposes.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 2. RELATED PARTY TRANSACTIONS (Continued)

#### Consolidated Entities (Continued)

##### Rental Properties: (Continued)

**DB 555 Dudley Street, LLC (555 Dudley)** is a Massachusetts limited liability company, formed in August 2007 to develop a mixed-use housing project in Dorchester. DBEDC is the sole member of 555 Dudley.

**Wilder Gardens Limited Partnership (Wilder)** is a Massachusetts limited partnership, formed in November 1997, which consists of 61 residential units in five buildings. DBEDC has a 99.99% interest in Wilder as its limited partner.

**Ceylon Field Limited Partnership (Ceylon)** is a Massachusetts limited partnership, formed in September 1996, which consists of 62 residential units in sixteen buildings. DBEDC maintains 99.99% ownership of Ceylon as its limited partner.

**Dudley Terrace Limited Partnership (Dudley Terrace)** is a Massachusetts limited partnership, formed in August 1999, which consists of 56 residential units and one commercial unit in nine buildings. DBEDC maintains 99.99% ownership of Dudley Terrace.

##### *Pearl Companies:*

**DB Pearl Master Tenant LLC (DB MT)** is a Massachusetts limited liability company, wholly-owned by DBEDC, formed in 2013 to participate with DBEDC in developing a commercial project.

**DB Pearl QALICB LLC (DB QALICB)** is a Massachusetts limited liability company, formed in 2013 to redevelop a 36,000 square foot commercial space. DBEDC has a 95% interest in DB QALICB and is the managing member. CropCircle Kitchen, Inc. (CCK, an unrelated entity) holds a 5% interest in DB QALICB.

**150 Magnolia Limited Partnership (150 Magnolia)** is a Massachusetts limited partnership, formed in August 1999, which consists of 25 residential units in six buildings. DBEDC has a 99.99% interest as its limited partner.

**Brunswick Holborn Two Limited Partnership (Brunswick)** is a Massachusetts limited partnership, formed in May 2005, which consists of 49 residential units in four buildings.

**Columbia Wood Two Limited Partnership (Columbia)** is a Massachusetts limited partnership, formed in May 2005, which consists of 49 residential units and 2,400 square feet of commercial space in six buildings.

**Dudley Village North Limited Partnership (DV North)** is a Massachusetts limited partnership, formed in December 2006, which consists of 24 residential units in two buildings.

**Dudley Village South Limited Partnership (DV South)** is a Massachusetts limited partnership, formed in June 2006, which consists of 26 residential units and 1,736 square feet of retail space in three buildings.

**Quincy Heights Limited Partnership (Quincy Heights)** is a Massachusetts limited partnership, formed in August 2008 to acquire and rehabilitate 129 residential units in Dorchester.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

### 2. RELATED PARTY TRANSACTIONS (Continued)

#### Consolidated Entities (Continued)

#### Rental Properties: (Continued)

**Cottage Brook Apartments Limited Partnership (Cottage Brook)** is a Massachusetts limited partnership, formed in July 2015 to acquire and rehabilitate the 147-unit project known as Cottage Brook Apartments, which was formerly owned by CBLP (see page 22).

#### Investments in Limited Partnerships

Investments in limited partnerships are accounted for using the cost method. Investments in limited partnerships consist of development grants and subsidies received by Dorchester Bay and invested into various limited partnerships through Dorchester Bay's general partner subsidiaries (see pages 22 and 23) as support for development projects carried on by those limited partnerships. Dorchester Bay does not intend to seek recovery of these investments, which have been fully reserved in the accompanying consolidating financial statements.

#### Notes and Interest Receivable from Related Parties

The following project development notes receivable with accrued interest from various limited partnerships are generally subordinated to first mortgages held by banks or government entities. The ability of the Agency to realize these assets is dependent upon the ability of the partnerships to generate sufficient cash flow from operations or from the sale or refinancing by the respective partnerships (see Note 1). Due to the long-term nature of expected realization, the Agency has fully reserved many of these uncollected balances, including accrued interest, to reflect these assets at expected realizable values.

As of December 31, 2019, the balance consisted of:

| <u>Borrower</u>   | <u># of Notes</u> | <u>Interest Rate</u> | <u>Principal Balance</u> | <u>Accrued Interest</u> | <u>Final Maturity</u>                                 |
|---|-------------------|----------------------|--------------------------|-------------------------|---|
| Cottage Brook   | 4                 | 0% - 2.61%           | \$ 18,672,235            | \$ 1,878,003            | Through 2045  |
| 150 Magnolia  | 4                 | 0% - 6.55%           | 1,192,648                | 904,096                 | Through 2033  |
| Brunswick   | 5                 | 0% - 7.62%           | 803,222                  | 772,098                 | Through 2022  |
| Ceylon  | 1                 | 8.5%                 | 411,723                  | 26,247                  | December 2023   |
| DV South  | 5                 | 0% - 10.0%           | 623,735                  | 988,338                 | Through 2039  |
| DVNC  | 1                 | 1%                   | 529,222                  | 65,714                  | April 2020  |
| 555 Dudley  | 3                 | 3.0% - 9.0%          | 515,833                  | 193,306                 | Through 2038  |
| Columbia  | 3                 | 5.0% - 7.62%         | 578,917                  | 461,910                 | Through 2022  |
| DV North  | 4                 | 0% - 6.0%            | 456,893                  | 399,970                 | Through 2036  |
| Quincy Heights  | 1                 | 0%                   | 432,464                  | -                       | December 2043<br>Upon sale or<br>through<br>June 2035 |
| GALP  | 2                 | 6.0% - 12.0%         | 312,862                  | 803,133                 | August 2033   |
| DB MT   | 1                 | 6.0%                 | 300,000                  | 196,607                 | December 2022   |
| DBULP   | 1                 | 10.0%                | 274,000                  | 1,476,849               |   |
|   |                   |                      | <u>25,103,754</u>        | <u>8,166,271</u>        |   |
| Less - valuation allowance                                |                   |                      | 23,973,249               | 6,906,768               |   |
| Less - related party elimination                          |                   |                      | <u>1,130,505</u>         | <u>1,196,503</u>        |   |
| Net notes and interest receivable<br>from related parties |                   |                      | <u>\$ -</u>              | <u>\$ -</u>             |   |

**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

**2. RELATED PARTY TRANSACTIONS (Continued)**

**Consolidated Entities (Continued)**

**Notes and Interest Receivable from Related Parties (Continued)**

As of December 31, 2018, the balance consisted of:

| <u>Borrower</u>   | <u># of Notes</u> | <u>Interest Rate</u> | <u>Principal Balance</u> | <u>Accrued Interest</u> | <u>Final Maturity</u>   |
|---|-------------------|----------------------|--------------------------|-------------------------|---|
| Cottage Brook   | 4                 | 0% - 2.61%           | \$ 18,672,235            | \$ 1,381,774            | Through 2045  |
| 150 Magnolia  | 4                 | 0% - 6.55%           | 1,192,648                | 819,679                 | Through 2033  |
| Brunswick   | 5                 | 0% - 7.62%           | 807,237                  | 704,618                 | Through 2022  |
| Ceylon  | 1                 | 8.5%                 | 634,122                  | 216,132                 | December 2023   |
| DV South  | 5                 | 0% - 10.0%           | 623,735                  | 876,848                 | Through 2039<br>April 2020 -<br>management is<br>currently in<br>process of<br>refinancing this |
| DVNC  | 1                 | 1%                   | 529,222                  | 59,743                  | note  |
| 555 Dudley  | 3                 | 3.0% - 9.0%          | 520,629                  | 151,420                 | Through 2038  |
| Columbia  | 3                 | 5.0% - 7.62%         | 578,917                  | 417,996                 | Through 2022  |
| DV North  | 4                 | 0% - 6.0%            | 456,893                  | 356,352                 | Through 2036  |
| Quincy Heights  | 1                 | 0%                   | 432,464                  | -                       | December 2043<br>Upon sale or<br>through<br>June 2035   |
| GALP  | 2                 | 6.0% - 12.0%         | 312,862                  | 816,064                 | August 2033   |
| DB MT   | 1                 | 6.0%                 | 300,000                  | 168,497                 | December 2022   |
| DBULP   | 1                 | 10.0%                | <u>274,000</u>           | <u>1,424,961</u>        |   |
|   |                   |                      | 25,334,964               | 7,394,084               |   |
| Less - valuation allowance                                |                   |                      | 25,144,858               | 6,305,179               |   |
| Less - related party elimination                          |                   |                      | <u>190,106</u>           | <u>1,088,905</u>        |   |
| Net notes and interest receivable<br>from related parties |                   |                      | \$ -                     | \$ -                    |   |

Recovery of notes receivable and due from affiliates in the accompanying consolidating statements of activities includes repayments of principal on notes receivable from cash flow and consists of the following:

|               | <u>2019</u>         | <u>2018</u>       |
|---------------|---------------------|-------------------|
| Cottage Brook | \$ 973,684          | \$ 155,956        |
| Ceylon        | 411,723             | -                 |
| 150 Magnolia  | 88,344              | 128,644           |
| Brunswick     | 4,015               | -                 |
| DV South      | -                   | <u>7,546</u>      |
|               | <u>\$ 1,477,766</u> | <u>\$ 292,146</u> |

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 2. RELATED PARTY TRANSACTIONS (Continued)

#### Notes and Interest Receivable from Related Parties (Continued)

Included in interest income and other in the accompanying consolidating statements of activities is interest income on related party notes receivable from cash flow as follows:

|              | <u>2019</u>       | <u>2018</u>       |
|--------------|-------------------|-------------------|
| DBULP        | \$ 385,038        | \$ 109,775        |
| GALP         | 119,876           | 102,269           |
| Brunswick    | 90,837            | -                 |
| 150 Magnolia | 84,417            | -                 |
| DV South     | 39,780            | 21,331            |
| Ceylon       | 26,247            | 456,350           |
| 555 Dudley   | 19,115            | -                 |
| Other        | <u>11,997</u>     | <u>31,487</u>     |
|              | <u>\$ 777,307</u> | <u>\$ 721,212</u> |

#### Surplus Cash Flow Payments

##### *Incentive and Supplemental Management Fees*

The Agency receives certain incentive and supplemental management fees from its rental projects. Fees received in 2019 and 2018 totaled \$579,601 and \$602,004, respectively. These fees are recognized when paid based on prior cash flow for annual services provided by the Agency.

##### *Distributions*

During 2019, there were distributions of \$1,304,375 from certain limited partnerships based on 2018 cash flow, of which \$74,687 was distributed to an unrelated party. During 2018, there were distributions of \$1,227,052 from certain limited partnerships based on 2017 cash flow, of which \$67,059 was distributed to an unrelated party. There are expected distributions of \$604,358 due in 2020 based on 2019 cash flow. Cash flow distributions from limited partnerships are subject to final approval from certain regulatory agencies as well as investor approval, therefore, management records the distributions when paid.

#### Master Leases

DBEDC leases space from DV South under a master lease agreement through September 2023. The agreement requires DBEDC to pay DV South monthly lease payments of \$1,524 and \$1,483 for 2019 and 2018, respectively, increasing 3% annually. Total rent expense under this agreement was \$18,289 and \$17,800 for 2019 and 2018, respectively. DBEDC is also responsible for its proportionate share of all related operating expenses and real estate tax payments.

Minimum future rental payments under the master lease agreements through expiration are as follows:

|      | <u>Amount</u>    |
|------|------------------|
| 2020 | \$ 18,884        |
| 2021 | 19,450           |
| 2022 | 20,034           |
| 2023 | <u>20,645</u>    |
|      | <u>\$ 79,013</u> |

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

### 2. RELATED PARTY TRANSACTIONS (Continued)

#### Office Lease

DBEDC had an agreement to lease office space from Pierce Properties through September 2019. The agreement required DBEDC to pay Pierce Properties monthly lease payments of \$3,050. As of October 2019, DBEDC is a tenant-at-will in the office space. Total rent expense under this agreement was \$37,800 for 2019 and 2018.

#### Developer Fees

DBEDC, in its role as sponsor and developer, earns developer fees from each project. DBEDC earned developer fees from the projects noted below, which are included in fees and project reimbursements in the accompanying consolidating statements of activities for the years ended December 31:

| <u>Project</u>    | <u>Total Contract</u> | <u>Recognized Prior to 2018</u> | <u>Recognized During 2018</u> | <u>Recognized During 2019</u> | <u>Remaining Contract Balance</u> |
|-------------------|-----------------------|---------------------------------|-------------------------------|-------------------------------|-----------------------------------|
| Indigo Apartments | \$ 1,046,685          | \$ 172,610                      | \$ 67,670                     | \$ 283,062                    | \$ 523,343                        |
| Indigo MT         | <u>752,306</u>        | <u>39,751</u>                   | <u>23,477</u>                 | <u>312,925</u>                | <u>376,153</u>                    |
| Total             | <u>\$ 1,798,991</u>   | <u>\$ 212,361</u>               | <u>\$ 91,147</u>              | <u>\$ 595,987</u>             | <u>\$ 899,496</u>                 |

The remaining contract balance generally includes the estimated portion of compensation under the developer agreement related to developer activities not yet completed as of the reporting date.

Revenues and expenses between these entities are as follows during 2019 and 2018:

|                 | <u>2019</u>           |                     |                     |
|-----------------|-----------------------|---------------------|---------------------|
|                 | <u>Dorchester Bay</u> | <u>Rental</u>       | <u>Total</u>        |
| Interest        | \$ -                  | \$ 1,254,184        | \$ 1,254,184        |
| Bad debts       | 551,906               | -                   | 551,906             |
| Tenant services | -                     | 459,893             | 459,893             |
| Rent            | 56,089                | -                   | 56,089              |
| Management fees | <u>-</u>              | <u>27,847</u>       | <u>27,847</u>       |
|                 | <u>\$ 607,995</u>     | <u>\$ 1,741,924</u> | <u>\$ 2,349,919</u> |
|                 | <u>2018</u>           |                     |                     |
|                 | <u>Dorchester Bay</u> | <u>Rental</u>       | <u>Total</u>        |
| Interest        | \$ -                  | \$ 1,559,078        | \$ 1,559,078        |
| Bad debts       | 361,123               | -                   | 361,123             |
| Tenant services | -                     | 467,080             | 467,080             |
| Rent            | 55,600                | -                   | 55,600              |
| Management fees | <u>-</u>              | <u>36,725</u>       | <u>36,725</u>       |
|                 | <u>\$ 416,723</u>     | <u>\$ 2,062,883</u> | <u>\$ 2,479,606</u> |

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 2. RELATED PARTY TRANSACTIONS (Continued)

#### Due from Affiliates

The following entities have fees and other advances due to Dorchester Bay as of December 31, 2019 and 2018. Certain amounts have been reserved by Dorchester Bay, as the amounts are either due from projected cash flow or payment is otherwise undeterminable. Due from affiliates are comprised of the following at December 31:

|                            | <u>2019</u>         | <u>2018</u>         |
|----------------------------|---------------------|---------------------|
| Current:                   |                     |                     |
| Quincy Heights             | \$ 252,953          | \$ 258,823          |
| Cottage Brook              | 215,234             | 192,843             |
| GALP                       | 39,469              | 38,841              |
| Pearl Companies            | -                   | 12,600              |
|                            | <u>507,656</u>      | <u>503,107</u>      |
| Less - valuation allowance | -                   | 135,017             |
| Total current portion      | <u>\$ 507,656</u>   | <u>\$ 368,090</u>   |
| Long-term:                 |                     |                     |
| Pierce                     | 1,642,493           | 1,434,692           |
| Dudley Terrace             | 1,035,753           | 924,132             |
| Pearl Companies            | 623,504             | 621,404             |
| Dudley Terrace Apartments  | 424,479             | 173,409             |
| Indigo MT                  | 376,153             | -                   |
| Indigo Apartments          | 366,815             | 502,882             |
| DV North                   | 155,979             | 155,979             |
| 555 Dudley                 | 90,439              | 90,439              |
| 150 Magnolia               | 11,361              | 11,361              |
| Cottage Brook              | -                   | 1,584,996           |
| Indigo Support Corp        | -                   | 271,894             |
|                            | <u>4,726,976</u>    | <u>5,771,188</u>    |
| Less - valuation allowance | <u>2,660,004</u>    | <u>2,149,726</u>    |
| Total long-term portion    | <u>\$ 2,066,972</u> | <u>\$ 3,621,462</u> |

Certain amounts listed above which are advanced to projects were originated through proceeds from notes payable (see Note 8).

### 3. NEW MARKETS TAX CREDITS TRANSACTION

DB QALICB received financing to construct and develop a commercial site in Dorchester (the Pearl Foods Project). The Pearl Foods Project was funded by New Markets Tax Credits (NMTC) equity from PNC New Market Investment Partners, LLC (PNC). The tax credit equity was combined with proceeds from notes payable (see Note 8) and grant funding from DB MT to fund DB Pearl Investment Fund LLC (Pearl Investment Fund), an unrelated entity (see Note 5).

Pearl Investment Fund, using equity proceeds from PNC and loans from DB MT, made Qualified Equity Investments (QEIs) into New Markets Investment 80, LLC (NMI CDE) and PNC CDE 23, LP (PNC CDE) (collectively, the CDEs) for a 99.99% membership interest in the CDEs. The CDEs used the proceeds of the QEIs to provide loans to DB QALICB (see Note 8).



## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 4. ESCROWS AND RESTRICTED DEPOSITS

#### Escrows

Escrows consist of deposits in escrow accounts, which are restricted for real estate taxes and property insurance.

#### Restricted Deposits

Operating reserves consist of funds required to be escrowed under the terms of certain mortgage, partnership and operating agreements. These funds are restricted for operating cash flow deficiencies or debt service payments. Approval is required of the mortgagor or investor partner to withdraw funds from the above accounts.

Replacement reserves consist of funds required to be escrowed under the terms of certain mortgage, partnership and operating agreements. The replacement reserves are restricted for capital improvements and replacements to the respective properties.

Cash held for lending consists of funds to be used for small business and homeowner lending services.

The partnership reserve was established with an initial deposit from excess development funding and will be used for future needs of Quincy Heights.

The construction escrow represents funds held for the rehabilitation of the Indigo Block project (see Note 7).

Loan loss reserve consists of funds required to be escrowed under the terms of certain mortgage agreements. This fund is restricted for small business lending (see below and page 31).

The balance of escrows and restricted deposits includes the following at December 31:

|                       | <b>2019</b>               |                      |                      |
|-----------------------|---------------------------|----------------------|----------------------|
|                       | <b>Dorchester<br/>Bay</b> | <b>Rental</b>        | <b>Total</b>         |
| Current:              |                           |                      |                      |
| Escrows               | \$ -                      | \$ 665,530           | \$ 665,530           |
| Long-term:            |                           |                      |                      |
| Construction escrows  | 9,226,972                 | -                    | 9,226,972            |
| Operating reserves    | 562,727                   | 5,466,561            | 6,029,288            |
| Replacement reserves  | 433,949                   | 4,431,584            | 4,865,533            |
| Cash held for lending | 881,283                   | -                    | 881,283              |
| Partnership reserve   | -                         | 682,017              | 682,017              |
| Loan loss reserve     | 96,459                    | -                    | 96,459               |
| Special escrows       | -                         | 65,632               | 65,632               |
| Subtotal              | <u>11,201,390</u>         | <u>10,645,794</u>    | <u>21,847,184</u>    |
|                       | <u>\$ 11,201,390</u>      | <u>\$ 11,311,324</u> | <u>\$ 22,512,714</u> |

**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

**4. ESCROWS AND RESTRICTED DEPOSITS (Continued)**

|                       | <b>2018</b>               |                      |                      |
|-----------------------|---------------------------|----------------------|----------------------|
|                       | <u>Dorchester<br/>Bay</u> | <u>Rental</u>        | <u>Total</u>         |
| Current:              |                           |                      |                      |
| Escrows               | \$ -                      | \$ 1,019,361         | \$ 1,019,361         |
| Long-term:            |                           |                      |                      |
| Operating reserves    | 17,273                    | 3,949,477            | 3,966,750            |
| Replacement reserves  | -                         | 5,186,917            | 5,186,917            |
| Cash held for lending | 1,091,147                 | -                    | 1,091,147            |
| Partnership reserve   | -                         | 668,695              | 668,695              |
| Loan loss reserve     | 65,825                    | -                    | 65,825               |
| Special escrows       | -                         | 61,459               | 61,459               |
| Subtotal              | <u>1,174,245</u>          | <u>9,866,548</u>     | <u>11,040,793</u>    |
|                       | <u>\$ 1,174,245</u>       | <u>\$ 10,885,909</u> | <u>\$ 12,060,154</u> |

**5. NOTES AND INTEREST RECEIVABLE**

**Loan Programs**

Notes receivable issued consist of various loans made to small businesses. Interest rates range from approximately 7% to 8%. The maturities of the notes range from three to twenty years. Substantially all of the loans are secured by a security interest in business assets of the borrower.

Estimated maturities of notes and interest receivable over the next five years are as follows:

|                            |                   |
|----------------------------|-------------------|
| 2020                       | \$ 173,169        |
| 2021                       | 168,855           |
| 2022                       | 170,960           |
| 2023                       | 129,074           |
| 2024                       | 72,273            |
| Thereafter                 | <u>106,523</u>    |
|                            | 820,854           |
| Less - current portion     | 173,169           |
| Less - loan loss allowance | <u>167,069</u>    |
|                            | <u>\$ 480,616</u> |

**Project Development**

As part of the funding of the Indigo Block projects (see Note 7), during 2019, DBEDC entered into a note receivable with TBT-Indigo NMTC Fund, LLC (an Illinois limited liability company) in the amount of \$7,221,724. This note bears interest at 4.8% and is due on June 30, 2048.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 5. NOTES AND INTEREST RECEIVABLE (Continued)

#### Rental Properties

As part of funding the Pearl Foods Project (see Note 3), DB MT entered into the following note receivable agreements with the Pearl Investment Fund as of December 31, 2019 and 2018:

| <u>Borrower</u>              | <u>Interest Rate</u> | <u>Amount</u>       | <u>Maturity Date</u> |
|------------------------------|----------------------|---------------------|----------------------|
| Pearl Investment Fund Note A | 1.378%               | \$ 2,560,000        | February 28, 2021    |
| Pearl Investment Fund Note B | 1.378%               | 3,200,000           | August 29, 2023      |
| Pearl Investment Fund Note C | 1.378%               | <u>4,035,800</u>    | March 31, 2045       |
|                              |                      | <u>\$ 9,795,800</u> |                      |

The payment terms on these notes receivable are as follows:

- Pearl Investment Fund Notes A and B - monthly interest payments are due through the maturity date.
- Pearl Investment Fund Note C - monthly interest payments are due through December 2028. Beginning in January 2029, monthly payments of principal and interest will be due through the note's maturity date.

The notes (collectively, the Pearl Investment Fund Notes) are secured by certain restricted cash accounts held by NMI CDE and PNC CDE (see page 29), as well as a first priority interest in Pearl Investment Fund's ownership percentage in the CDEs. Prepayment of these notes is not allowed at any time prior to the expiration of the NMTC compliance period of seven years. All of the above loans are secured by the assets of the Pearl Investment Fund (see Note 3).

### 6. DEPOSITS HELD IN TRUST

DBEDC maintains cash accounts as a fiscal agent on behalf of several neighborhood groups. DBEDC also holds security deposits for tenants at the Pierce Building, as well as funds as escrow agent for borrowers of its loan programs. These balances are included in cash and cash equivalents and accounts payable and accrued expenses in the accompanying consolidating statements of financial position.

### 7. PROJECTS UNDER DEVELOPMENT

Projects under development consist of real estate acquisition and development costs. Costs considered to be recoverable are capitalized. Recoverable costs expected to be realized within one year from the consolidating statement of financial position date, are classified as current. Other recoverable costs are classified as non-current. Non-recoverable costs are expensed as incurred. DBEDC's ability to recover these costs is dependent on the success of the anticipated development, including sufficient financing for the project in the form of sales, loans or grants.

The following projects were under development during 2019 and 2018:

**Indigo Block Project** is a joint venture between Indigo Apartments, Indigo Landowner and Indigo Support (see Note 2) as well as several other related and unrelated entities to develop 80 residential units and approximately 20,000 square feet of commercial space. As of December 31, 2019 and 2018, costs associated with this project represent predevelopment costs as well as construction related to the project. The project is expected to be completed in 2021.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 7. PROJECTS UNDER DEVELOPMENT (Continued)

**Dudley Terrace** is a non-syndicated residential rental property in Dorchester. As of December 31, 2019 and 2018, costs associated with this project represent renovations related to the 56-unit project, which is expected to be completed by November 2021.

**Pierce Properties** is a non-syndicated mixed residential-commercial property in Dorchester. December 31, 2019, costs associated with this project represent renovations related to the Pierce Building, which is expected to be completed during 2021.

**Leyland Street** is a residential development in Dorchester. As of December 31, 2019 and 2018, costs associated with this project represent predevelopment costs related to converting this 13,000 square foot property into a 42,000 square foot, 42-unit, affordable senior housing building.

At December 31, 2019 and 2018, projects under development consist of the following:

|                                  | <u>2019</u>         | <u>2018</u>         |
|----------------------------------|---------------------|---------------------|
| Indigo Apartments                | \$ 5,108,324        | \$ 1,326,915        |
| Pierce Properties                | 1,249,681           | 922,129             |
| Indigo Support                   | 1,194,825           | 442,088             |
| Dudley Terrace                   | 521,167             | 342,774             |
| Capitalized salaries             | 486,417             | 236,616             |
| Leyland Street                   | 485,022             | 281,180             |
| Various other projects           | <u>412,278</u>      | <u>30,503</u>       |
| Total projects under development | <u>\$ 9,457,714</u> | <u>\$ 3,582,205</u> |

Management of the Agency has capitalized the costs related to various projects (see page 32 and above), although financing is uncertain, management believes the costs are recoverable from the future development and/or sale of the project. There is a risk that if financing for specific projects is not obtained, sales proceeds are insufficient, or projects become unfeasible, that the Agency will need to write-down the value of the affected assets in future consolidating financial statements. No impairment loss was required in December 31, 2019 and 2018. Capitalized salary costs related to the development of certain projects are shown on the consolidating statements of functional expenses as a reduction of total expenses and included in projects under development in the consolidating statements of financial position.

**Fairmount / Indigo Rail Line CDC Collaborative** (the Collaborative) seeks operating and capital funds to acquire affordable housing and commercial development sites along the Fairmount Commuter rail corridor, which DBEDC and its transit equity allies are working to upgrade with five more stops, extended hours, and rapid transit service. The Collaborative includes three community development corporations (DBEDC, Codman Square Neighborhood Development Corporation and Southwest Boston Community Development Corporation [the CDCs]) with contiguous boundaries along the Fairmount commuter rail line. The Collaborative's two major goals are to help bring new stops and services to approximately 170,000 residents in the distressed neighborhoods along the Fairmount line, and to head a smart growth, transit-oriented development agenda with new affordable housing, economic development opportunities, open space, and needed services. The CDCs are raising funds together to acquire sites, to launch predevelopment work, and to prevent speculation and displacement. Each CDC takes the lead for development of projects in their own service areas and sometimes in joint ventures. The CDCs raise capital together and divide funds based on agreements. DBEDC acts as the lead agent for the Collaborative. Accordingly, grants received by DBEDC for the Collaborative and paid to other members are shown as grants paid to others in the accompanying consolidating statements of functional expenses.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 8. NOTES PAYABLE

Notes payable at December 31, 2019 and 2018, consist of:

| <b>Operating</b>  | <b><u>2019</u></b> | <b><u>2018</u></b> |
|---|--------------------|--------------------|
| \$200,000 line of credit due to Massachusetts Growth Capital Corporation (MGCC), which bears interest at the prime rate (4.75% and 5.5% as of December 31, 2019 and 2018, respectively), plus 2.5%, and is due on demand. This line of credit is secured by certain assets of DBEDC and cash flow rights on certain limited partnerships. | \$ 200,000         | \$ 200,000         |
| \$350,000 revolving line of credit due to MHIC, bearing interest at the prime rate (4.75% and 5.5% as of December 31, 2019 and 2018, respectively), plus 2.5%, and is due in February 2021. This line of credit is secured by certain assets of DBEDC.  | <u>70,000</u>      | <u>70,000</u>      |
| Total operating   | <u>270,000</u>     | <u>270,000</u>     |
| <b>Loan Programs</b>  |                    |                    |
| Three notes payable to the U.S. Small Business Administration (SBA) for a maximum term of ten years. The notes payable are for lending of micro-loans to eligible small businesses and have the following terms:  |                    |                    |
| <ul style="list-style-type: none"><li>• Maximum borrowings of \$500,000, \$750,000 and \$900,000.</li><li>• Interest is payable at a variable rate based on the performance of the loan portfolio. Interest rates range from 0% to 2.625% as of December 31, 2019 and 2018.</li></ul>   |                    |                    |
| The balance of one note payable was repaid in full during 2019. The remaining two notes include monthly principal and interest payments with the full outstanding balances due in 2023 and 2028. These notes can be prepaid without penalty. SBA has a security interest in the related cash accounts (see Note 4).                       | 363,905            | 456,418            |
| 2% unsecured promissory note from the Sisters of Charity of Saint Elizabeth for support of lending activities due in June 2023. Interest-only payments are due until maturity, at which point the full principal balance is due.  | <u>50,000</u>      | <u>50,000</u>      |
| Total loan programs   | <u>413,905</u>     | <u>506,418</u>     |

**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

**8. NOTES PAYABLE (Continued)**

| <b>Project Development</b> (see Note 7)  | <u><b>2019</b></u> | <u><b>2018</b></u> |
|--|--------------------|--------------------|
| <b><i>Leyland Street</i></b>   |                    |                    |
| 4.5% loan payable to Community Economic Development Assistance Corporation (CEDAC), due in October 2022. This note is secured by the property.   | 595,000            | -                  |
| 5% loan payable to Local Initiatives Support Corporation (LISC), with interest-only payments through maturity of the earlier of March 2022 or upon construction financing. This note is unsecured.   | 161,066            | -                  |
| Non-interest bearing note payable to CEDAC, due upon acquisition loan closing. This note was repaid in full during 2019. This note was secured by a first mortgage on the property.  | <u>-</u>           | <u>29,750</u>      |
| Subtotal Leyland Street  | <u>756,066</u>     | <u>29,750</u>      |
| <b><i>Dudley Terrace Apartments</i></b>  |                    |                    |
| 7% loan payable to CEDAC, due at first closing or upon construction financing. The maximum borrowing under this note is \$400,000, payable in installments approved by CEDAC.  | <u>355,105</u>     | <u>104,035</u>     |
| <b><i>Indigo Block Apartments</i></b>  |                    |                    |
| 3.76% construction note payable to Eastern Bank, with a maximum obligation of \$22,000,000. Beginning in January 2020, interest-only payments are due through maturity in June 2022. This note is secured by the property and guaranteed by DBEDC. | 2,215,714          | -                  |
| Non-interest bearing note due to Boston Capital Corporate Tax Credit Fund XLVII, with a maximum amount of \$2,946,536. Upon maturity in June 2022, this note will convert to an equity contribution.   | <u>1,114,143</u>   | <u>-</u>           |
| Subtotal Indigo Block Apartments   | <u>3,329,857</u>   | <u>-</u>           |

**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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**8. NOTES PAYABLE (Continued)**

**Project Development (see Note 7) (Continued)**

2019

2018

***Indigo Support Corp***

Two notes payable to New Markets Investment 121, LLC (NMI 121). The notes payable are for development costs related to the Indigo Block Project (see Note 7):

- Maximum borrowings of \$4,117,100 and \$2,122,900.
- Interest payable at a rate of 3.16%.

Interest-only payments are due through December 2026. Beginning in January 2027, principal and interest payments are due monthly based on a twenty-five-year amortization schedule through the notes' maturity in December 2053. These notes are not eligible for prepayment prior to January 2027 and are secured by a shared first mortgage on the 65 East Cottage Street property.

6,240,000

-

Three notes payable to MHIC NE CDE II Subsidiary 58 (NE CDE 58). The notes payable are for development costs related to Indigo Block (see Note 7):

- Maximum borrowings of \$2,453,660, \$650,000 and \$1,649,340.
- Interest payable at a rate of 3.16%.

Interest-only payments are due through January 2027. Beginning in January 2027, principal and interest payments are due monthly based on a twenty-five-year amortization schedule through the notes' maturity in December 2053. These notes are not eligible for prepayment prior to January 2027 and are secured by a shared first mortgage on the 65 East Cottage Street property.

4,753,000

-

Subtotal Indigo Support Corp

10,993,000

-

**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

**8. NOTES PAYABLE (Continued)**

| <b>Project Development</b> (see Note 7) (Continued)  | <b>2019</b> | <b>2018</b> |
|--|-------------|-------------|
| <b><i>Other Project Development</i></b>  |             |             |
| Two notes payable to The Life Insurance Community Investment Initiative in the amounts of \$6,300,000 and up to \$1,700,000, with interest rates of 7%. Quarterly payments of interest only, in arrears, are due and payable on the first day of each quarter through February 15, 2023. Remaining principal and interest are to be amortized based on thirty and ten year amortization schedules, respectively, through maturity of June 2031. The notes are secured by certain notes receivable. | 7,389,260   | -           |
| \$1,400,000 revolving line of credit due to The Life Insurance Community Investment Initiative, bearing interest at 6% and 5% due in October 2020. Quarterly payments of interest only, in arrears, are due and payable on the first day of each quarter. The remaining unpaid principal and interest are due at maturity. The line of credit is guaranteed by the mortgage and security agreement and collateral assignment on a certain limited partnership.                                     | 1,230,218   | 319,452     |
| \$400,000 line of credit due to LISC, bearing interest at 5.438%. The maturity date on this line of credit agreement is the earlier of the closing of permanent financing for the related project or May 2020.   | 367,718     | 367,718     |
| \$300,000 line of credit due to LISC, bearing interest at 3.75%. Payment of principal and interest is due in June 2020. This note was repaid subsequent to year-end.   | 219,141     | 198,320     |
| \$750,000 revolving line of credit due to The Life Insurance Community Investment Initiative, bearing interest at 6% and 5%, due in September 2020. Quarterly payments of interest only, in arrears, are due and payable on the first day of each quarter. The remaining unpaid principal and interest are due at maturity. The line of credit is guaranteed by the mortgage and security agreement and collateral assignment on a certain limited partnership.                                    | 185,951     | 685,686     |
| \$100,000 line of credit due to LISC, bearing interest at 6.75%. Payment of principal and interest is due in June 2020. This note was repaid subsequent to year-end.   | 73,047      | 66,107      |



**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

**8. NOTES PAYABLE (Continued)**

| <b>Project Development</b> (see Note 7) (Continued)  | <u><b>2019</b></u>          | <u><b>2018</b></u>          |
|--|-----------------------------|-----------------------------|
| <b>Other Project Development</b> (Continued)   |                             |                             |
| 6% loan payable to BlueHub Loan Fund, Inc., due in monthly installments of principal and interest of \$1,310 through June 2024. This note is guaranteed by DBEDC. This note is secured by a first mortgage and security interest on the 212 Quincy Street property.  | <u>62,965</u>               | <u>74,508</u>               |
| Subtotal Other Project Development   | 9,528,300                   | 1,711,791                   |
| Less - unamortized debt issuance costs   | <u>104,859</u>              | <u>5,334</u>                |
| Subtotal Other Project Development   | <u>9,423,441</u>            | <u>1,706,457</u>            |
| <b>DFH</b>   |                             |                             |
| 6.5% note payable to BlueHub Loan Fund, Inc. for the development of the project, due in monthly principal and interest payments of \$504 over a thirty-year amortization schedule, with a balloon payment due at the initial maturity in July 2020. Subsequent to year-end, this note was extended to July 2027. The note is secured by a shared first mortgage and an assignment of leases and rents on the premises. | 55,348                      | 57,669                      |
| 3.5% note payable to LISC, due in monthly principal and interest payments of \$440 over a twenty-year amortization schedule ending in August 2025. The note is secured by a shared first mortgage and an assignment of leases and rents on the premises.   | <u>28,513</u>               | <u>32,366</u>               |
| Subtotal DFH   | <u>83,861</u>               | <u>90,035</u>               |
| Total project development  | <u>24,941,330</u>           | <u>1,930,277</u>            |
| Total DBEDC and Affiliates   | 25,625,235                  | 2,706,695                   |
| Total Rental Properties (see Note 17)  | <u>73,975,435</u>           | <u>75,748,944</u>           |
| Total notes payable before eliminations  | 99,600,670                  | 78,455,639                  |
| Less - eliminations  | <u>416,833</u>              | <u>421,629</u>              |
| Total notes payable  | 99,183,837                  | 78,034,010                  |
| Less - current portion   | <u>4,449,034</u>            | <u>3,492,903</u>            |
|  | <u><u>\$ 94,734,803</u></u> | <u><u>\$ 74,541,107</u></u> |

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 8. NOTES PAYABLE (Continued)

Estimated maturities of the notes payable principal payments over the next five years are as follows:

|      | <u>Amount</u> |
|------|---------------|
| 2020 | \$ 4,449,034  |
| 2021 | \$ 9,205,920  |
| 2022 | \$ 8,846,245  |
| 2023 | \$ 9,715,581  |
| 2024 | \$ 1,901,133  |

Debt issuance costs related to these notes payable (see page 38 and Note 17) and contingent debt (see Notes 9 and 18) totaling \$2,706,391 and \$2,703,377 are being amortized over the terms of the related mortgages and are shown net of accumulated imputed interest of \$1,135,815 and \$1,076,725 as of December 31, 2019 and 2018, respectively. Amortization of debt issuance costs of \$158,076 and \$157,118 are included in interest expense in the accompanying consolidating statements of functional expenses for the years ended December 31, 2019 and 2018, respectively. Net debt issuance costs are reported in the accompanying consolidating statements of financial position as a direct reduction of the face amount of related notes payable.

These notes payable (see page 38 and Note 17) and contingent debt (see Notes 9 and 18) contain certain financial ratios and other covenants as specified in the agreements. The Agency was in compliance with these covenants as of December 31, 2019 and 2018.

**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

**9. CONTINGENT DEBT AND DEFERRED INTEREST**

Contingent debt and deferred interest at December 31, 2019 and 2018, consist of:

|   | <u>2019</u>                      |                              | <u>2018</u>                      |                              |
|---|----------------------------------|------------------------------|----------------------------------|------------------------------|
|   | <u>Outstanding<br/>Principal</u> | <u>Deferred<br/>Interest</u> | <u>Outstanding<br/>Principal</u> | <u>Deferred<br/>Interest</u> |
| <b>Loan Programs</b>  |                                  |                              |                                  |                              |
| Recoverable grant from the City of Boston for support of loan loss reserves. The recoverable grant is only due upon discontinuance of the micro-loan program.   | \$ 25,000                        | \$ -                         | \$ 25,000                        | \$ -                         |
| Recoverable grant from Episcopal City Mission to satisfy the creation of a 15% loan loss reserve requirement of the SBA, due only upon the earlier of termination or discontinuance of the micro-loan program.  | 20,000                           | -                            | 20,000                           | -                            |
| Recoverable grant from LISC for support of lending activities, due in October 2001. Management is negotiating an extension of this obligation.  | <u>8,800</u>                     | <u>-</u>                     | <u>8,800</u>                     | <u>-</u>                     |
| Total loan programs   | <u>53,800</u>                    | <u>-</u>                     | <u>53,800</u>                    | <u>-</u>                     |
| <b>Project Development</b>  |                                  |                              |                                  |                              |
| <b><i>Indigo Block Apartments</i></b>   |                                  |                              |                                  |                              |
| 1%, \$825,000 note payable to DHCD under the HOME program with a maturity date in January 2062. Beginning in 2021, payments are due to the extent that cash flows exceed cash expenses. This note can be extended for a period equal to the original length of the loan. As of December 31, 2019 and 2018, no amounts have been drawn upon. | -                                | -                            | -                                | -                            |
| 1%, \$450,000 note payable to CEDAC under the BHA program with a maturity date in May 2051. Beginning in 2021, payments are due to the extent that cash flows exceed cash expenses. This note can be extended for a period equal to the original length of the loan. As of December 31, 2019 and 2018, no amounts have been drawn upon.     | -                                | -                            | -                                | -                            |

**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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**9. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)**

|   | 2019                     |                      | 2018                     |                      |
|---|--------------------------|----------------------|--------------------------|----------------------|
|   | Outstanding<br>Principal | Deferred<br>Interest | Outstanding<br>Principal | Deferred<br>Interest |
| <b>Project Development (Continued)</b>  |                          |                      |                          |                      |
| <b><i>Indigo Block Apartments</i> (Continued)</b>   |                          |                      |                          |                      |
| 1%, \$644,971 note payable to DHCD under the Non-Federal Investment Trust Fund (NFIT) program with a maturity date in January 2062. Beginning in 2021, payments are due to the extent that cash flows exceed cash expenses. This note can be extended for a period equal to the original length of the loan. As of December 31, 2019 and 2018, no amounts have been drawn upon.     | -                        | -                    | -                        | -                    |
| 1%, \$2,000,000 note payable to DHCD under the AHT Statute with a maturity date in January 2062. Beginning in 2021, payments are due to the extent that cash flows exceed cash expenses. This note can be extended for a period equal to the original length of the loan. As of December 31, 2019 and 2018, no amounts have been drawn upon.  | -                        | -                    | -                        | -                    |
| 1%, \$1,000,000 note payable to Massachusetts Housing Partnership (MHP) under the HSF program with a maturity date in May 2071. Beginning in 2021, payments are due to the extent that cash flows exceed cash expenses. This note can be extended for a period equal to the original length of the loan. As of December 31, 2019 and 2018, no amounts have been drawn upon.         | -                        | -                    | -                        | -                    |
| 1%, \$350,000 note payable to MHP under the Commercial Area Transit Node Housing Program (CATNHP) with a maturity date in January 2062. Beginning in 2021, payments are due to the extent that cash flows exceed cash expenses. This note can be extended for a period equal to the original length of the loan. As of December 31, 2019 and 2018, no amounts have been drawn upon. | -                        | -                    | -                        | -                    |

**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

**9. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)**

|   | <u>2019</u>                      |                              | <u>2018</u>                      |                              |
|---|----------------------------------|------------------------------|----------------------------------|------------------------------|
| <b>Project Development (Continued)</b>  | <u>Outstanding<br/>Principal</u> | <u>Deferred<br/>Interest</u> | <u>Outstanding<br/>Principal</u> | <u>Deferred<br/>Interest</u> |
| <b><i>Indigo Block Apartments (Continued)</i></b>   |                                  |                              |                                  |                              |
| 1%, \$1,000,000 note payable to the City of Boston under the HOME program with a maturity date in January 2062. Beginning in 2021, payments are due to the extent that cash flows exceed cash expenses. This note can be extended for a period equal to the original length of the loan. As of December 31, 2019 and 2018, no amounts have been drawn upon.   | -                                | -                            | -                                | -                            |
| 1%, \$2,044,055 note payable to the City of Boston under the Inclusionary Development Policy (IDP) with a maturity date in January 2062. Beginning in 2021, payments are due to the extent that cash flows exceed cash expenses. This note can be extended for a period equal to the original length of the loan. As of December 31, 2019 and 2018, no amounts have been drawn upon.  | -                                | -                            | -                                | -                            |
| 1%, \$1,000,000 note payable to the City of Boston under the NHT program with a maturity date in January 2062. Beginning in 2021, payments are due to the extent that cash flows exceed cash expenses. This note can be extended for a period equal to the original length of the loan. As of December 31, 2019 and 2018, no amounts have been drawn upon.  | -                                | -                            | -                                | -                            |
| Subtotal Indigo Block Apartments  | -                                | -                            | -                                | -                            |
| <b><i>Other Project Development</i></b>   |                                  |                              |                                  |                              |
| Non-interest bearing note payable to the City of Boston with a maturity date of June 2019. Management is in process of negotiating loan forgiveness. This note is secured by a mortgage and an assignment of leases and rents on the 212 Quincy Street property, and if certain conditions are met, as defined in the agreement, the note may be extended to coincide with the maturity date of the first priority mortgage note on the 212 Quincy Street property. This note is guaranteed by DBEDC. | 217,991                          | -                            | 217,991                          | -                            |

**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

**9. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)**

|   | <u>2019</u>                      |                              | <u>2018</u>                      |                              |
|---|----------------------------------|------------------------------|----------------------------------|------------------------------|
|   | <u>Outstanding<br/>Principal</u> | <u>Deferred<br/>Interest</u> | <u>Outstanding<br/>Principal</u> | <u>Deferred<br/>Interest</u> |
| <b>Project Development</b> (Continued)  |                                  |                              |                                  |                              |
| <b>Other Project Development</b> (Continued)  |                                  |                              |                                  |                              |
| Non-interest bearing note payable to the City of Boston with an original maturity date of June 2019. Management is in process of negotiating loan forgiveness. All outstanding principal and interest will be deferred until the earlier of the acceleration of the loan or the maturity date. On the maturity date, the Department of Neighborhood Development (DND) will forgive all amounts due under the conditions that all goals have been met and all obligations owed to DND have been satisfied in accordance with the loan agreement. | <u>57,000</u>                    | <u>-</u>                     | <u>57,000</u>                    | <u>-</u>                     |
| Total Project Development   | <u>274,991</u>                   | <u>-</u>                     | <u>274,991</u>                   | <u>-</u>                     |
| Total DBEDC and Affiliates  | 328,791                          | -                            | 328,791                          | -                            |
| Total Rental Properties (see Note 18)   | <u>59,289,897</u>                | <u>19,779,609</u>            | <u>60,857,089</u>                | <u>18,505,756</u>            |
| Total contingent debt and deferred interest before eliminations   | 59,618,688                       | 19,779,609                   | 61,185,880                       | 18,505,756                   |
| Less - eliminations   | <u>25,660,605</u>                | <u>7,969,373</u>             | <u>26,093,335</u>                | <u>7,225,588</u>             |
|   | <u>\$ 33,958,083</u>             | <u>\$ 11,810,236</u>         | <u>\$ 35,092,545</u>             | <u>\$ 11,280,168</u>         |

**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

**10. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

Financial assets available for general operating use, that is, without donor or other restrictions limiting their use (see Note 1), within one year of the consolidating statements of financial position date, comprise the following at December 31:

|   | <u>2019</u>         |                        |
|---|---------------------|------------------------|
|   | <u>Operating</u>    | <u>Rental Programs</u> |
| Cash and cash equivalents   | \$ 3,178,085        | \$ 9,386,180           |
| Escrows and restricted deposits, current  | -                   | 665,530                |
| Grants receivable   | 196,252             | -                      |
| Tenant and other receivables, net   | 44,120              | 410,191                |
| Notes and interest receivable   | <u>173,169</u>      | <u>-</u>               |
|   | 3,591,626           | 10,461,901             |
| Less - development project cash   | (477,217)           | -                      |
| Less - cash held for initiatives with donor restrictions and Board designated reserves (see Note 1) | (562,832)           | -                      |
| Less - current portion of loans receivable with donor restrictions                                  | <u>(173,169)</u>    | <u>-</u>               |
|   | <u>\$ 2,378,408</u> | <u>\$ 10,461,901</u>   |
|   | <u>2018</u>         |                        |
|   | <u>Operating</u>    | <u>Rental Programs</u> |
| Cash and cash equivalents   | \$ 1,182,281        | \$ 7,816,552           |
| Escrows and restricted deposits, current  | -                   | 1,019,361              |
| Grants receivable   | 233,091             | -                      |
| Tenant and other receivables, net   | 3,181               | 373,849                |
| Notes and interest receivable   | <u>171,354</u>      | <u>-</u>               |
|   | 1,589,907           | 9,209,762              |
| Less - development project cash   | (82,851)            | -                      |
| Less - cash held for initiatives with donor restrictions and Board designated reserves (see Note 1) | (515,157)           | -                      |
| Less - current portion of loans receivable with donor restrictions                                  | <u>(171,354)</u>    | <u>-</u>               |
|   | <u>\$ 820,545</u>   | <u>\$ 9,209,762</u>    |

The Agency aims to maintain working capital balances of at least six months of operating expenses. As of December 31, 2019 and 2018, the Agency and its operating affiliates had working capital (current assets less current liabilities) of \$5,198,007 and \$2,971,839, respectively, and average days of cash on hand of 243 and 180, respectively (based on normal expenditures). As part of the Agency's resolution regarding Board reserves, approximately \$360,000 has been set aside as of December 31, 2019 and 2018. In addition to internally funding predevelopment activities, the Agency uses a variety of lenders in order to further finance predevelopment activities prior to closing on construction and permanent financing.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 10. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (Continued)

The Agency regularly monitors the availability of resources required to meet the operating needs of the rental programs. For purposes of analyzing resources available to meet general obligations over a twelve-month period, the Agency considers all expenditures related to the ongoing activities of operating rental housing to be general obligations, including the payment of debt service and contribution to reserves. The combined cash balance of the rental programs is not available to supplement the Agency's operations or other projects. Each project's liquidity must be evaluated individually.

In addition to the financial assets available to the rental programs to meet general obligations of the next twelve months, the Agency regularly conducts budget-to-actual variance analysis through its Asset Management function in order to identify liquidity concerns. In the event a property has an identified liquidity concern, the Agency works with its third party property management company to correct the issue. Corrective measures include the possibility of the Agency providing the property with an operating deficit advance. As of December 31, 2019 and 2018, the Agency has not provided any of its properties with an operating deficit advance. Amounts included in restricted deposits are used to fund certain operating costs as they become due, such as real estate taxes and insurance.

### 11. COMMITMENTS AND CONTINGENCIES

#### Sponsor Obligations

As discussed in Notes 1 and 2, DBEDC has acted as sponsor and developer for various low-income and affordable housing developments. Most of these developments have received various forms of funding through DBEDC from Federal, state, and local sources. The terms of these funding agreements generally require that the projects maintain affordable housing and low-income eligibility status, as defined. If such status is not maintained, DBEDC may be obligated to remedy any defaults in the requirements and may be liable to repay certain amounts to the funders.

In addition, DBEDC, as project sponsor, has, in some cases, agreed to advance funds to the LPs and LLCs as a guarantor of the General Partners' obligation to fund operating deficits, development cost overruns, payments for reduced tax benefits to limited partner investors, and other circumstances affecting the LPs and LLCs, as defined in the partnership agreements. As of the date of this report, DBEDC has not made any such advances and is not obligated for any amount.

#### Pearl Companies

The Pearl Investment Fund Notes (see Note 5) may be satisfied in 2020 through PNC assigning its membership interest in Pearl Investment Fund to DBEDC for \$1,000 (the Put Option) during the three-month period after the end of the NMTC compliance period. Should Pearl Investment Fund not exercise its rights under the Put Option, DBEDC shall have the option to purchase PNC's membership interests in Pearl Investment Fund at the fair market value of PNC's interest (the Call Option). DBEDC can exercise the Call Option for three months after the end of the Put Option period.

The notes to NMI CDE and PNC CDE (see page 50) may not be prepaid in part or in full at any time prior to August 2020, nor may any of the notes be prepaid in any manner that might violate the requirements of the NMTC program. At the end of the NMTC compliance period, each CDE (see above) has the right, but not obligation, to require prepayment of NMI CDE, Notes A, B and C, and PNC CDE, Notes A and B (see Note 5 and pages 49 and 50).



## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### 11. COMMITMENTS AND CONTINGENCIES (Continued)

#### Use Restriction

DB QALICB must ensure that the property is used in accordance with IRC Section 45D under the NMTC program.

#### Capital Contributions

Cottage Brook's limited partner committed a total of \$20,925,224 in capital contributions, of which \$18,832,702 has been paid to Cottage Brook as of December 31, 2018. During 2019, the limited partner paid \$2,257,950, increasing total capital contributions to \$21,090,652 based on changes in performance and delivery of tax credits.

Indigo Apartments' limited partner, Boston Capital, has committed a total of \$7,435,105 in capital contributions as of December 31, 2019. The initial payment for the project is part of a note payable agreement which will convert to a capital contribution (see Note 8). No other capital contributions have been made as of December 31, 2019.

#### Other Commitments

DB Housing has a \$300,000 commitment with the City of Boston to be used for Indigo Block. These funds are not reflected in the consolidating financial statements as receipt of funds is contingent upon incurring specific costs.

Subsequent to year end, Dudley Terrace received a construction/permanent loan commitment from MHP for financing up to \$5,300,000. This loan will mature twenty years from the closing date and will accrue interest at 3.62%.

### 12. LEASE AGREEMENTS

The Agency rents facilities to third-party commercial and residential tenants under certain non-cancellable operating lease agreements that expire at various dates through 2023. Monthly rent under these agreements ranges from approximately \$1,500 to \$4,700. The residential leases are renewed annually and tenants are required to pay monthly rent payments. The commercial tenants are required to pay monthly rent payments plus their pro-rata share of property taxes and common area charges, where applicable.

Future minimum rent to be received under commercial lease agreements over the next five years are as follows:

|       | <u>Dorchester<br/>Bay</u> | <u>Rental</u>     | <u>Total</u>      |
|-------|---------------------------|-------------------|-------------------|
| 2020  | \$ 38,924                 | \$ 220,194        | \$ 259,118        |
| 2021  | 21,621                    | 129,026           | 150,647           |
| 2022  | 21,927                    | 20,034            | 41,961            |
| 2023  | <u>-</u>                  | <u>20,635</u>     | <u>20,635</u>     |
| Total | <u>\$ 82,472</u>          | <u>\$ 389,889</u> | <u>\$ 472,361</u> |

## **DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

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### **13. CONCENTRATIONS OF RISKS**

The Agency maintains its cash accounts, including escrows and restricted deposits, with several Massachusetts banks. These balances are insured up to limits of the Federal Deposit Insurance Corporation. At certain times throughout the year, deposits may exceed Federally insured limits. The Agency regularly monitors the relative credit standings of these banks to minimize its risk.

### **14. RETIREMENT PLAN**

DBEDC has a defined contribution retirement plan which covers all eligible employees. DBEDC contributes 5% of each participant's annual salary. DBEDC contributed approximately \$101,000 and \$103,000 to the plan for 2019 and 2018, respectively, which are included in employee benefits in the accompanying consolidating statements of functional expenses.

### **15. SUBSEQUENT EVENTS**

In March 2020, the COVID-19 coronavirus (COVID-19) pandemic emerged in the United States triggering widespread government mandated and voluntary business closures, which in turn have led to substantial interruptions in financial markets, employment and the economy as a whole. Though the potential financial effects cannot be reasonably estimated at this time, these circumstances may have adverse effects on the Agency, its operations, timing of closings for projects currently in development, and future financial statements. The accompanying consolidating financial statements have not been adjusted for any potential financial effects that may occur in the future related to the current uncertainty.

Management of the Agency is monitoring these events and their borrowers closely to assess the financial impact of the situation and determine appropriate courses of action. As of the date of this report, the Agency is unable to accurately predict how COVID-19 will affect the results of its operations because the disease's severity and the duration of the outbreak are uncertain.

Subsequent to December 31, 2019, DBEDC applied for and was awarded a loan of \$460,600 from the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The funds will be used to pay certain payroll costs, including benefits as well as interest on mortgages, rent and utilities during an eight-week period. A portion of these funds may be forgiven, as defined in the agreement, at the end of the eight-week period and the remainder of the funds will be due over a two-year period with interest at 1%. The repayment will be deferred until November 20, 2020, when the note, plus interest, will be due in equal monthly payments through April 20, 2022.

### **16. RECLASSIFICATION**

Certain amounts in the December 31, 2018 consolidating financial statements have been reclassified to conform with the December 31, 2019 presentation.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

17. NOTES PAYABLE - RENTAL PROPERTIES

| Lender   | Interest Rate   | Security   | Payment Terms  | Outstanding Principal |                  |
|--|---|--|--|-----------------------|------------------|
|  |   |  |  | 2019                  | 2018             |
| <b>DBULP</b>   |   |  |  |                       |                  |
| Boston Private Bank and Trust Company (Boston Private) | 5.00%   | First mortgage on the property.                            | Due in monthly installments of principal and interest of \$9,954, with a balloon payment due upon maturity in October 2022.  | \$ 1,602,628          | \$ 1,640,897     |
| Boston Private   | 5.25%   | Second mortgage on the property.                           | Due in monthly installments of principal and interest of \$4,863, with a balloon payment due upon maturity in October 2022.  | 771,356               | 788,167          |
|  |   |  |  | 2,373,984             | 2,429,064        |
|  |   |  | Less - unamortized debt issuance costs   | 15,899                | 21,548           |
|  |   |  |  | <u>2,358,085</u>      | <u>2,407,516</u> |
| <b>GALP</b>  |   |  |  |                       |                  |
| U.S Department of Housing and Urban Development (HUD)  | 1.00%   | Second mortgage on GALP's property and equipment.          | An annual payment to HUD is due in an amount equal to 75% of surplus cash remaining after payment of the incentive performance fee (see Note 2). The note will mature in July 2035. During 2019 and 2018, payments of \$291,664 and \$223,172, respectively, were made based on 2018 and 2017 surplus cash calculations. | 4,746,428             | 5,038,092        |
| BERKADIA   | 3.25%   | First mortgage on the property.                            | Due in monthly installments of principal and interest of \$14,813 through July 2035.   | 2,180,100             | 2,285,148        |
|  |   |  |  | 6,926,528             | 7,323,240        |
|  |   |  | Less - unamortized debt issuance costs   | 106,788               | 119,638          |
|  |   |  |  | <u>6,819,740</u>      | <u>7,203,602</u> |
| <b>DVNC</b>  |   |  |  |                       |                  |
| Citizens Bank  | London Interbank Offered Rate (LIBOR), plus the LIBOR rate margin (2.38% and 3.87% as of December 31, 2019, and 2018, respectively)                     | First mortgage on the property and is guaranteed by DBEDC. | Payment of principal in the monthly amount of \$1,793 based on a fifteen-year amortization schedule plus monthly payments of interest in arrears are due on the outstanding principal balance until maturity in April 2020. Subsequent to December 31, 2019, the note was extended to April 2030.                        | 268,116               | 285,419          |
| <b>DB618</b>   |   |  |  |                       |                  |
| Boston Private   | Greater of the Federal Home Bank Classic Advance Five-Year Community Development Advance Rate, plus 2.25% or 5.5% (5.5% at December 31, 2019 and 2018). | First mortgage on the property.                            | Principal and interest are due in monthly installments of \$1,204 through maturity in September 2022. Certain prepayment fees shall apply, as defined in the agreement, if paid off early.   | 181,305               | 187,172          |
|  |   |  | Less - unamortized debt issuance costs   | 2,616                 | 3,567            |
|  |   |  |  | <u>178,689</u>        | <u>183,605</u>   |

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
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17. NOTES PAYABLE - RENTAL PROPERTIES (Continued)

| Lender   | Interest Rate   | Security   | Payment Terms   | Outstanding Principal |                  |
|--|---|--|---|-----------------------|------------------|
|  |   |  |   | 2019                  | 2018             |
| <b>555 Dudley</b>                                  |   |  |   |                       |                  |
| Massachusetts Housing Partnership Fund Board (MHP) | 3.97%   | First mortgage on the property.  | Principal and interest are due monthly in installments of \$5,946 through March 2025.   | 1,105,357             | 1,132,246        |
| MHP  | 4.50%   | Second mortgage on the property.   | Principal and interest are due monthly in installments of \$2,027 through March 2025.   | 357,241               | 365,289          |
| DBEDC  | 3.00%   | Shared fourth mortgage on the property   | Principal and interest are due monthly in installments of \$698 through January 2038.   | 116,833               | 121,629          |
|  |   |  |   | 1,579,431             | 1,619,164        |
|  |   |  | Less - unamortized debt issuance costs  | 27,502                | 32,135           |
|  |   |  |   | <u>1,551,929</u>      | <u>1,587,029</u> |
| <b>Wilder</b>                                      |   |  |   |                       |                  |
| MHP  | 4.85%   | First mortgage on the property and guaranteed by DBEDC.  | Principal and interest are due monthly in installments of \$10,844 through March 2035.  | 1,895,834             | 1,933,030        |
|  |   |  | Less - unamortized debt issuance costs  | 99,494                | 105,567          |
|  |   |  |   | <u>1,796,340</u>      | <u>1,827,463</u> |
| <b>Dudley Terrace</b>                              |   |  |   |                       |                  |
| MHP  | 7.60%   | First mortgage on the property.  | Principal and interest are due monthly in installments of \$13,198 through July 2018 and was extended until December 31, 2019. Subsequent to year end, this note was extended to June 30, 2020, and is expected to be repaid with a permanent loan (see Note 11). | 1,222,998             | 1,285,819        |
| <b>Pearl Companies</b>                             |   |  |   |                       |                  |
| <b><u>DB MT</u></b>                                |   |  |   |                       |                  |
| City of Boston                                     | Lender's cost of funds rate, plus 0.75% (4.56% at December 31, 2019 and 2018) for the first seven years and then at 4.5% beginning in August 2021 through maturity. | Second priority interest in Peal Investment Fund's Notes A and C and a first priority in Note B held by DB MT, including all instruments securing those notes (see Note 5). The note is also secured by a second mortgage on the property and guaranteed by DBEDC (unlimited) and CCK (limited to \$50,000). | Payments of interest only are due monthly in arrears for the first seven years through August 28, 2020, with monthly principal and interest payments of \$15,333 due thereafter.  | 3,200,000             | 3,200,000        |
| BlueHub Loan Fund, Inc.                            | 5.00%   | See page 51.   | Payment of the entire outstanding principal balance and all accrued interest are due at the maturity date, February 28, 2021. There was a principal payment made in 2019 of \$512.  | 1,818,190             | 1,818,702        |

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
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17. NOTES PAYABLE - RENTAL PROPERTIES (Continued)

| Lender   | Interest Rate | Security   | Payment Terms   | Outstanding Principal |                   |
|--|---------------|--|---|-----------------------|-------------------|
|  |               |  |   | 2019                  | 2018              |
| <b>Pearl Companies (Continued)</b>   |               |  |   |                       |                   |
| <u>DB MT</u> (Continued)   |               |  |   |                       |                   |
|  |               | Third priority interest in the Pearl Investment Fund Notes (see Note 5) and a third mortgage on the property. This note is also guaranteed by DBEDC. | Interest is due in monthly installments through maturity at January 6, 2021, at which time all outstanding principal and accrued interest will be due.  |                       |                   |
| Coastal Enterprises, Inc.  | 6.25%         |  |   | 500,000               | 500,000           |
|  |               | Unsecured.   | Interest-only payments are due through August 2020, at which point payments of principal and interest will be due through maturity. The maturity date of this note is August 29, 2033.  |                       |                   |
| DBEDC  | 6.00%         |  |   | 300,000               | 300,000           |
|  |               | See below.   | Principal and interest are due in monthly installments of \$7,105. Payment of the entire outstanding principal balance and all accrued interest are due at the maturity date, February 28, 2021.  |                       |                   |
| BlueHub Loan Fund, Inc.  | 6.00%         |  |   | 90,231                | 167,440           |
|  |               |  |   | 5,908,421             | 5,986,142         |
|  |               |  | Less - unamortized debt issuance costs  | 19,890                | 31,228            |
|  |               |  |   | <u>5,888,531</u>      | <u>5,954,914</u>  |
| The BlueHub Loan Fund notes payable with DB MT on page 50 and above are guaranteed by DBEDC (unlimited) and the CCK (limited to \$50,000) and secured by a second priority interest in Pearl Investment Fund's Note B (see Note 5) and a first mortgage on the property. |               |  |   |                       |                   |
| <u>DB QALICB</u>   |               |  |   |                       |                   |
|  |               | See below.   | Payable in monthly interest payments through December 2028. In August 2020, there is a \$47,500 principal payment due. Commencing in January 2029, monthly principal and interest payments of \$12,214 are due through December 2048, at which time any remaining principal and accrued interest are due. |                       |                   |
| NMI CDE (NMI CDE Note C)   | 1.00%         |  |   | 3,797,500             | 3,797,500         |
|  |               | See below.   | Monthly interest payments beginning in August 2023. All unpaid principal and accrued interest are due in August 2023.   |                       |                   |
| NMI CDE (NMI Note B)   | 1.00%         |  |   | 3,200,000             | 3,200,000         |
|  |               | See below.   | Monthly interest payments through December 2028. Commencing in January 2029, monthly principal and interest payments of \$9,002 are due through December 2048, at which time any remaining principal and accrued interest are due.  |                       |                   |
| PNC CDE (PNC Note A)   | 1.00%         |  |   | 2,798,800             | 2,798,800         |
|  |               | See below.   | Monthly interest payments through February 2021. All unpaid principal and accrued interest are due in February 2021.  |                       |                   |
| NMI CDE (NMI CDE Note A)   | 1.00%         |  |   | 2,560,000             | 2,560,000         |
|  |               | See below.   | Monthly interest payments through December 2028. Commencing in January 2029, monthly principal and interest payments of \$3,863 are due through December 2048, at which time any remaining principal and accrued interest are due.  |                       |                   |
| PNC CDE (PNC Note B)   | 1.00%         |  |   | 1,201,200             | 1,201,200         |
|  |               |  |   | 13,557,500            | 13,557,500        |
|  |               |  | Less - unamortized debt issuance costs  | 498,662               | 546,685           |
|  |               |  |   | <u>13,058,838</u>     | <u>13,010,815</u> |
|  |               |  |   | <u>18,947,369</u>     | <u>18,965,729</u> |
| Subtotal Pearl Companies   |               |  |   |                       |                   |

The DB QALICB notes are secured by a shared mortgage and security interest in the property, plus all future improvements, as well as an assignment of leases and rents in accordance with the master lease agreements (see Note 12) and are guaranteed by DBEDC.

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Notes to Consolidating Financial Statements  
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17. NOTES PAYABLE - RENTAL PROPERTIES (Continued)

| Lender              | Interest Rate | Security   | Payment Terms   | Outstanding Principal                              |  |
|---------------------|---------------|--|---|--|--|
|                     |               |  |   | 2019   | 2018   |
| <b>150 Magnolia</b> |               |  |   |  |  |
| MHP                 | 5.15%         | None.  | Monthly payments of principal and interest of \$6,580, with a balloon payment due in May 2023.<br>Less - unamortized debt issuance costs              | 763,772<br>14,078<br><u>749,694</u>                | 802,312<br>18,737<br><u>783,575</u>                |
| <b>Brunswick</b>    |               |  |   |  |  |
| MHP                 | 5.96%         | First mortgage on all real and personal property, equipment and fixtures, and a pledge of all escrow and reserve accounts, and an assignment on all leases, rents, contracts, and profits. | Monthly principal and interest payments of \$14,995 are due through June 2027.<br>Less - unamortized debt issuance costs                              | 1,957,696<br>28,552<br><u>1,929,144</u>            | 2,018,959<br>30,864<br><u>1,988,095</u>            |
| <b>Columbia</b>     |               |  |   |  |  |
| MHP                 | 5.95%         | First mortgage on all real and personal property, equipment and fixtures, and a pledge of all escrow and reserve accounts, and an assignment on all leases, rents, contracts, and profits. | Monthly principal and interest payments of \$17,224 are due through August 2027.<br>Less - unamortized debt issuance costs                            | 2,250,409<br>27,162<br><u>2,223,247</u>            | 2,320,907<br>29,721<br><u>2,291,186</u>            |
| <b>DV North</b>     |               |  |   |  |  |
| MHP                 | 3.17%         | Fourth mortgage on the property.   | Monthly payments of principal and interest of \$3,772, with a balloon payment due in June 2028.   | 647,438  | 671,756  |
| MHP                 | 2.00%         | Second mortgage on the property.   | Interest-only payments of \$667 are due monthly. Principal is due based on cash flow, as defined in the agreement, or upon maturity in December 2028. | 400,000  | 400,000  |
| MHP                 | 6.65%         | First mortgage on the property.  | Monthly payments of principal and interest of \$561, with a balloon payment due in December 2026.<br>Less - unamortized debt issuance costs           | 74,217<br>1,121,655<br>31,488<br><u>1,090,167</u>  | 75,951<br>1,147,707<br>35,435<br><u>1,112,272</u>  |
| <b>DV South</b>     |               |  |   |  |  |
| MHP                 | 6.27%         | First mortgage on the property.  | Monthly payments of principal and interest of \$7,466, with a balloon payment due in November 2026.   | 993,405  | 1,019,804  |
| MHP                 | 2.00%         | Second mortgage on the property.   | Interest-only payments of \$750 are due monthly. Outstanding principal is due in December 2026.<br>Less - unamortized debt issuance costs             | 450,000<br>1,443,405<br>33,250<br><u>1,410,155</u> | 450,000<br>1,469,804<br>38,701<br><u>1,431,103</u> |

**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
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**17. NOTES PAYABLE - RENTAL PROPERTIES (Continued)**

| Lender   | Interest Rate | Security   | Payment Terms  | Outstanding Principal |                      |
|--|---------------|--|--|-----------------------|----------------------|
|  |               |  |  | 2019                  | 2018                 |
| <b>Quincy Heights</b>                                |               |  |  |                       |                      |
| MHFA   | 2.29%         | First mortgage on the property.  | Monthly payments of principal and interest based on a twenty-five year amortization schedule, with any outstanding principal and accrued interest due at maturity in June 2040.  | 15,087,734            | 15,624,824           |
|  |               |  | Less - unamortized debt issuance costs   | 232,864               | 252,649              |
|  |               |  |  | <u>14,854,870</u>     | <u>15,372,175</u>    |
| <b>Cottage Brook</b>                                 |               |  |  |                       |                      |
| Eastern Bank   | 4.20%         | First mortgage on the property   | Payments of principal and interest of \$83,739 are due monthly with any unpaid principal and interest due at maturity in December 2035. The note is guaranteed by DBEDC.   | 16,414,505            | 16,713,474           |
|  |               |  |  |                       |                      |
| HUD  | 1.00%         | Second mortgage on the property and an assignment of all leases and rents. | Payments of principal and interest of \$16,141 are due monthly with any unpaid principal and accrued interest due at maturity in December 2036 or upon the sale or refinancing of the property or upon default. Additional payments of principal and interest may be due annually based on cash flow, as defined in the agreement. Cottage Brook assumed this note payable, which is recorded net of the unamortized discount disclosed below. | 2,823,228             | 3,022,015            |
|  |               |  |  | 19,237,733            | 19,735,489           |
|  |               |  | Less - unamortized discount  | 335,369               | 356,290              |
|  |               |  | Less - unamortized debt issuance costs   | 327,472               | 354,843              |
|  |               |  |  | <u>18,574,892</u>     | <u>19,024,356</u>    |
| Total notes payable - Rental Properties (see Note 8) |               |  |  | <u>\$ 73,975,435</u>  | <u>\$ 75,748,944</u> |

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
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18. CONTINGENT DEBT AND DEFERRED INTEREST - RENTAL PROPERTIES

| Lender            | Interest Rate             | Security  | Payment Terms  | 2019                      |                           | 2018                      |                           |
|-------------------|---------------------------|---|--|---------------------------|---------------------------|---------------------------|---------------------------|
|                   |                           |   |  | Outstanding Principal     | Deferred Interest         | Outstanding Principal     | Deferred Interest         |
| <b>DBULP</b>      |                           |   |  |                           |                           |                           |                           |
| DBH               | 10% (compounded annually) | Unsecured.  | Principal and interest are payable from net cash flow on or before December 1, 2022. During 2019 and 2018, payments of \$109,775 and \$77,006, respectively, were made based on 2018 and 2017 net cash flows. As of December 31, 2019 and 2018, \$380,595 and \$109,775, respectively, is payable from cash flow and is included in current portion of contingent debt and deferred interest.  | \$ 274,000                | \$ 1,476,849              | \$ 274,000                | \$ 1,424,961              |
| <b>GALP</b>       |                           |   |  |                           |                           |                           |                           |
| DBEDC             | 6% (compounded annually)  | Subordinate mortgage on GALP's property.                                      | Payment is due from net cash flow as defined in the agreement or from proceeds of sale of the GALP project or refinancing. All unpaid principal and accrued interest are due in June 2035.   | 189,300                   | 250,829                   | 189,300                   | 225,916                   |
| DBEDC             | 12% (compounded annually) | Unsecured.  | Developer fee note payable from surplus cash flow. During 2019 and 2018, payments of \$114,166 and \$92,179, respectively, were made based on surplus cash flow. As of December 31, 2019 and 2018, \$119,876 and \$102,269, respectively, is payable from cash flow and is included in current portion of contingent debt and deferred interest. All unpaid principal and accrued interest are due upon re-syndication, sale or refinancing. | 123,562<br><u>312,862</u> | 552,304<br><u>803,133</u> | 123,562<br><u>312,862</u> | 590,148<br><u>816,064</u> |
| <b>DVNC</b>       |                           |   |  |                           |                           |                           |                           |
| DBEDC             | 1% (compounded annually)  | The property is pledged as collateral for the mortgage.                       | Payments of principal and interest are due based on net cash flow, as defined in the note agreement. All unpaid principal and interest are due in April 2020. Management is in the process of refinancing this note payable.   | 529,222                   | 65,714                    | 529,222                   | 59,743                    |
| <b>618 Dudley</b> |                           |   |  |                           |                           |                           |                           |
| City of Boston    | 0.00%                     | Mortgage on the property.   | Principal is due in April 2050 with an option for extension of another twenty years.   | 272,405                   | -                         | 272,405                   | -                         |
| MHIC              | 0.00%                     | Shared second mortgage on the property and a conditional assignment of rents. | Repayment of principal is due on December 31, 2025.  | 260,000<br><u>532,405</u> | -<br><u>-</u>             | 260,000<br><u>532,405</u> | -<br><u>-</u>             |



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Notes to Consolidating Financial Statements  
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18. CONTINGENT DEBT AND DEFERRED INTEREST - RENTAL PROPERTIES (Continued)

| Lender  | Interest Rate | Security                               | Payment Terms   | 2019                  |                   | 2018                  |                   |
|---|---------------|--|---|-----------------------|-------------------|-----------------------|-------------------|
|   |               |  |   | Outstanding Principal | Deferred Interest | Outstanding Principal | Deferred Interest |
| <b>555 Dudley</b>   |               |  |   |                       |                   |                       |                   |
| City of Boston - Leading the Way Program                        | 0.00%         | Shared third mortgage on the property. | Principal payments are due in February of each year subject to 50% of the amount to which the prior year's gross cash receipts exceeded gross cash expenditures, as defined in the agreement. Outstanding principal is due in October 2042. This note can be extended until October 2072 in order to maintain affordability of the property | 650,000               | -                 | 650,000               | -                 |
| DHCD - Affordable Housing Trust Fund Statute                    | 0.00%         | Shared third mortgage on the property. | Outstanding principal is due in October 2042. The maturity date may be extended until October 2072 in order to maintain affordability of the property.  | 650,000               | -                 | 650,000               | -                 |
| DHCD - HOME   | 0.00%         | Shared third mortgage on the property. | Outstanding principal is due in October 2042. The maturity date may be extended until October 2072 in order to maintain affordability of the property.  | 387,500               | -                 | 387,500               | -                 |
| DHCD - Housing Stabilization and Investment Trust Fund Statute. | 0.00%         | Shared third mortgage on the property. | Outstanding principal is due in October 2062. The maturity date may be extended until October 2112 in order to maintain affordability.  | 387,500               | -                 | 387,500               | -                 |
| Boston Redevelopment Authority (BRA)                            | 0.00%         | Shared third mortgage on the property. | Principal payments are due in February of each year subject to 50% of the amount to which the prior year's gross cash receipts exceeded gross cash expenditures, as defined in the agreement. Outstanding principal is due in October 2042. The maturity date may be extended until October 2072 to maintain affordability of the property. | 300,000               | -                 | 300,000               | -                 |
| DBEDC   | 9.00%         | Fifth mortgage on the property.        | Principal and interest payments are due from net cash flow, as defined in the agreement. Outstanding principal and interest are due in December 2032.   | 223,000               | 160,531           | 223,000               | 128,863           |
| DBEDC   | 5.00%         | Sixth mortgage on the property.        | Principal and interest payments are due from net cash flow, as defined in the agreement. During 2018, accrued interest of \$17,191 was paid based on 2017 cash flow. Outstanding principal and interest are due in December 2032.   | 176,000               | 32,485            | 176,000               | 22,557            |
|   |               |  |   | <u>2,774,000</u>      | <u>193,016</u>    | <u>2,774,000</u>      | <u>151,420</u>    |

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

18. CONTINGENT DEBT AND DEFERRED INTEREST - RENTAL PROPERTIES (Continued)

| Lender              | Interest Rate   | Security   | Payment Terms   | 2019                  |                   | 2018                  |                   |
|---------------------|---|--|---|-----------------------|-------------------|-----------------------|-------------------|
|                     |   |  |   | Outstanding Principal | Deferred Interest | Outstanding Principal | Deferred Interest |
| <b>Ceylon</b>       |   |  |   |                       |                   |                       |                   |
| City of Boston      | 7.5% (compounded annually)                                    | Three separate shared first mortgages on the property. | Three notes with payments of principal and interest payable from net cash flow. Outstanding principal and interest are due in January 2029. During 2019 and 2018, payments of deferred interest of \$291,135 and \$280,511, respectively, were paid based on 2018 and 2017 net cash flows.  | 1,250,000             | 1,343,430         | 1,250,000             | 1,448,550         |
| DBH                 | 8.5% (compounded annually)                                    | Second mortgage on the property.                       | Payments of principal and interest are payable from net cash flow. Outstanding principal and interest were due in April 2018. In March 2018, the note was extended to December 2023. During 2019 and 2018, payments of deferred interest and principal of \$456,599 and \$437,766, respectively, were paid based on 2018 and 2017 net cash flows. | 411,723               | 26,247            | 634,122               | 216,132           |
|                     |   |  |   | <u>1,661,723</u>      | <u>1,369,677</u>  | <u>1,884,122</u>      | <u>1,664,682</u>  |
| <b>150 Magnolia</b> |   |  |   |                       |                   |                       |                   |
| City of Boston      | 5.50%   | Second mortgage on the property.                       | Two notes with annual principal and interest payments due subject to 50% of net cash flow, as defined in the agreements. Outstanding principal and interest are due in April 2034.  | 749,304               | 1,278,098         | 749,304               | 1,171,016         |
| DHCD                | 5.00%   | Third mortgage on the property.                        | Outstanding principal and interest are due in December 2031, but may be extended up to ten years.   | 600,000               | 531,661           | 600,000               | 501,661           |
| CEDAC               | 5% simple interest for twenty years, then 0% through maturity | Subordinate mortgage.                                  | Payments of principal are due in February each year, based on excess cash flow, as defined in the agreement. Outstanding principal and interest are due in December 2031.   | 500,000               | 447,533           | 500,000               | 422,533           |
| DBEDC               | 6.55% (compounded annually)                                   | Subordinate mortgage.                                  | Principal and interest are due in December 2033.  | 430,895               | 904,096           | 430,895               | 819,679           |
| DBEDC               | 0.00%   | Subordinate mortgage.                                  | Principal and interest are due in December 2021.  | 400,000               | -                 | 400,000               | -                 |
| DBEDC               | 0.00%   | Subordinate mortgage.                                  | Principal and interest are due in December 2021.  | 238,046               | -                 | 238,046               | -                 |
| DBEDC               | 0.00%   | Subordinate mortgage.                                  | Principal and interest are due in December 2033.  | 123,707               | -                 | 123,707               | -                 |
|                     |   |  |   | <u>3,041,952</u>      | <u>3,161,388</u>  | <u>3,041,952</u>      | <u>2,914,889</u>  |

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18. CONTINGENT DEBT AND DEFERRED INTEREST - RENTAL PROPERTIES (Continued)

| Lender                | Interest Rate                                      | Security   | Payment Terms   | 2019                  |                   | 2018                  |                   |
|-----------------------|--|--|---|-----------------------|-------------------|-----------------------|-------------------|
|                       |  |  |   | Outstanding Principal | Deferred Interest | Outstanding Principal | Deferred Interest |
| <b>Dudley Terrace</b> |  |  |   |                       |                   |                       |                   |
| City of Boston        | 7.00% (compounded annually)                        | Mortgage and assignment of all leases and rents. | Payments of principal and interest are due to the extent of available cash flow, as defined in the loan agreement through its maturity in 2031.   | 690,000               | 1,216,703         | 690,000               | 1,091,965         |
| DHCD                  | 7.00% (compounded annually)                        | Mortgage and assignment of all leases and rents. | Payment of principal and accrued interest will be deferred until 2030.  | 500,000               | 1,309,666         | 500,000               | 1,191,277         |
|                       |  |  |   | <u>1,190,000</u>      | <u>2,526,369</u>  | <u>1,190,000</u>      | <u>2,283,242</u>  |
| <b>Brunswick</b>      |  |  |   |                       |                   |                       |                   |
| MHFA                  | 0.10% on \$1,113,960,<br>0.0% on remaining balance | Mortgage on the property.                        | Payments of principal and interest will be made to the extent of 50% of funds available for distribution, as defined in the agreement. Outstanding principal and interest are due in December 2036. During 2019 and 2018, Brunswick made payments of \$80,247 and \$65,962, respectively, based on 2018 and 2017 net cash flow. As of December 31, 2019 and 2018, \$3,464 and \$80,247, respectively, is payable from cash flow and is included in current portion of contingent debt and deferred interest.  | 1,099,805             | 1,100             | 1,113,960             | 66,085            |
| DHCD                  | 0.00%  | Mortgage on the property.                        | Outstanding principal is due in August 2046 and may be extended until 2082, if approved.  | 1,115,475             | -                 | 1,115,475             | -                 |
| City of Boston        | 5.22% (compounded annually)                        | Mortgage on the property.                        | Payments of principal and interest are due in an amount equal to 50% of net cash flow remaining after the MHFA payment (see above). Outstanding principal and interest are due on or before July 1, 2038. During 2019 and 2018, Brunswick made payments of \$80,247 and \$65,962, respectively, based on net cash flow, which was applied to outstanding accrued interest. As of December 31, 2019 and 2018, \$3,464 and \$80,247, respectively, is payable from cash flow and is included in current portion of contingent debt and deferred interest. | 900,233               | 411,930           | 900,233               | 423,511           |
| MHP                   | 5.00%  | Mortgage on the property.                        | Outstanding principal and accrued interest are due on or before August 17, 2055, and may be extended until 2105, if approved.   | 750,000               | 522,460           | 750,000               | 484,960           |
| DBEDC                 | 5.00% (compounded annually)                        | Mortgage on the property.                        | Payments of principal and interest shall be paid based on net cash flow, as defined in the agreement. Outstanding principal and interest are due in December 2021.  | 397,552               | 334,244           | 397,552               | 299,397           |
| DBEDC                 | 5.00% (compounded annually)                        | Mortgage on the property.                        | Payments of principal and interest shall be paid based on net cash flow, as defined in the agreement. Outstanding principal and interest are due in December 2021.  | 200,000               | 160,561           | 200,000               | 143,391           |

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

18. CONTINGENT DEBT AND DEFERRED INTEREST - RENTAL PROPERTIES (Continued)

| Lender                       | Interest Rate               | Security                  | Payment Terms  | 2019                  |                   | 2018                  |                   |
|------------------------------|-----------------------------|---------------------------|--|-----------------------|-------------------|-----------------------|-------------------|
|                              |                             |                           |  | Outstanding Principal | Deferred Interest | Outstanding Principal | Deferred Interest |
| <b>Brunswick (Continued)</b> |                             |                           |  |                       |                   |                       |                   |
| DBEDC                        | 7.62%                       | Mortgage on the property. | Outstanding principal and accrued interest are due in December 2022.   | 110,540               | 211,986           | 110,540               | 203,563           |
| DBEDC                        | 5.00% (compounded annually) | Mortgage on the property. | Payments of principal and interest shall be paid from any proceeds of partnership loans, other than the construction loan or permanent loans and net cash flow, as defined in the agreement. Outstanding principal and interest are due in December 2021.  | 82,503                | 65,306            | 82,503                | 58,268            |
| DBEDC                        | 0.00%                       | Mortgage on the property. | Payments are due based on available net cash flow and outstanding principal is due on or before December 31, 2021. During 2019 and 2018, the Partnership made payments of \$4,015 from 2018 and 2017 net cash flow.  | 12,627                | -                 | 16,642                | -                 |
|                              |                             |                           |  | <u>4,668,735</u>      | <u>1,707,587</u>  | <u>4,686,905</u>      | <u>1,679,175</u>  |
| <b>Columbia</b>              |                             |                           |  |                       |                   |                       |                   |
| MHFA                         | 0.10% simple interest       | Mortgage on the property. | Payments of principal and interest are due to the extent of 50% of funds available for distribution, as defined in the agreement. During 2019 and 2018, payments of \$76,058 and \$99,880, respectively, were made to MHFA from available cash flow. Outstanding principal and interest are due in December 2036.  | 1,182,864             | 35,193            | 1,182,864             | 110,052           |
| City of Boston               | 4.4% (compounded annually)  | Mortgage on the property. | Payments of principal and interest are due in the amount equal to 50% of net cash flow remaining after the MHFA payment (see page 53), as defined in the agreement. Outstanding principal and interest are due on or before July 1, 2038. During 2019 and 2018, cash flow payments of \$76,058 and \$99,880, respectively, of deferred interest were made. | 871,553               | 336,712           | 871,553               | 359,169           |
| DHCD                         | 5.00%                       | Mortgage on the property. | Principal and interest are due upon maturity in August 2055, and may be extended until 2105, if approved.  | 750,000               | 523,001           | 750,000               | 485,501           |
| DHCD                         | 0.00%                       | Mortgage on the property. | Principal is due upon maturity in August 2055, and may be extended until 2105, if approved.  | 468,891               | -                 | 468,891               | -                 |
| DBEDC                        | 5.00% (compounded annually) | Mortgage on the property. | The repayment of principal and interest shall be paid from any proceeds of partnership loans, other than the construction loan or permanent loan and net cash flow, as defined in the agreement. Outstanding principal and interest are due in December 2021.  | 376,744               | 207,709           | 376,744               | 179,878           |

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

18. CONTINGENT DEBT AND DEFERRED INTEREST - RENTAL PROPERTIES (Continued)

| Lender                      | Interest Rate               | Security                               | Payment Terms  | 2019                  |                   | 2018                  |                   |
|-----------------------------|-----------------------------|--|--|-----------------------|-------------------|-----------------------|-------------------|
|                             |                             |  |  | Outstanding Principal | Deferred Interest | Outstanding Principal | Deferred Interest |
| <b>Columbia (Continued)</b> |                             |  |  |                       |                   |                       |                   |
| DBEDC                       | 7.62%                       | Mortgage on the property.              | Principal and interest are due in December 2022.   | 117,377               | 189,079           | 117,377               | 180,135           |
| DBEDC                       | 5.00% (compounded annually) | Mortgage on the property.              | The repayment of principal and interest shall be paid from any proceeds of partnership loans, other than the construction loan or permanent loan and net cash flow, as defined in the agreement. Outstanding principal and interest are due in December 2021.                            | 84,796                | 65,122            | 84,796                | 57,983            |
|                             |                             |  |  | <u>3,852,225</u>      | <u>1,356,816</u>  | <u>3,852,225</u>      | <u>1,372,718</u>  |
| <b>DV North</b>             |                             |  |  |                       |                   |                       |                   |
| City of Boston              | 6% (compounded annually)    | Shared third mortgage on the property. | Payments of principal and interest are due from cash flow, as defined in the agreement. Outstanding principal and interest are due in September 2037. During 2019 and 2018, payments of \$71,396 and \$39,498, respectively, were made and applied to the deferred interest on the note. | 1,238,888             | 1,135,473         | 1,238,888             | 1,070,711         |
| DHCD                        | 0.00%                       | Shared third mortgage on the property. | Payment of principal is due upon maturity in March 2038, subject to extension for an additional thirty years.  | 901,580               | -                 | 901,580               | -                 |
| DHCD                        | 0.00%                       | Shared third mortgage on the property. | Payment of principal is due upon maturity in March 2058, subject to extension for an additional to fifty years.  | 748,842               | -                 | 748,842               | -                 |
| DHCD                        | 6.5% (compounded annually)  | Shared third mortgage on the property. | Payments of principal and interest are due upon maturity in March 2058, subject to extension for an additional fifty years.  | 600,000               | 760,493           | 600,000               | 677,458           |
| DBEDC                       | 6.00% (compounded annually) | Shared fifth mortgage on the property. | Payments of principal and interest are due in November 2023.   | 300,000               | 339,878           | 300,000               | 303,658           |
| DBEDC                       | 0.00%                       | Unsecured.                             | Payment of principal is due based on net cash flow, but is expected to be deferred until maturity in December 2036.  | 79,250                | -                 | 79,250                | -                 |
| DBEDC                       | 6% (compounded annually)    | Shared fifth mortgage on the property. | Payments of principal and interest shall be paid from cash flow, as defined in the agreement, or at maturity in December 2036.   | 49,200                | 44,196            | 49,200                | 38,909            |
| DBEDC                       | 5.00% (compounded annually) | Unsecured.                             | Outstanding principal and interest are due in December 2036.   | 28,443                | 15,896            | 28,443                | 13,785            |
|                             |                             |  |  | <u>3,946,203</u>      | <u>2,295,936</u>  | <u>3,946,203</u>      | <u>2,104,521</u>  |

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

18. CONTINGENT DEBT AND DEFERRED INTEREST - RENTAL PROPERTIES (Continued)

| Lender          | Interest Rate                | Security                               | Payment Terms   | 2019                  |                   | 2018                  |                   |
|-----------------|------------------------------|--|---|-----------------------|-------------------|-----------------------|-------------------|
|                 |                              |  |   | Outstanding Principal | Deferred Interest | Outstanding Principal | Deferred Interest |
| <b>DV South</b> |                              |  |   |                       |                   |                       |                   |
| DHCD            | 3.00% (compounded annually)  | Shared third mortgage on the property. | Outstanding principal and interest are due upon maturity in March 2038. DHCD has an option to extend the maturity for an additional thirty years.   | 1,078,477             | 473,185           | 1,078,477             | 427,991           |
| City of Boston  | 4.90% (compounded annually)  | Shared third mortgage on the property. | Payments of principal and interest are due from cash flow, as defined in the agreement, or upon maturity in September 2037. During 2019, a payment of \$10,666 was paid based on 2018 net cash flow. During 2018, a payment of \$4,859 was paid based on 2017 net cash flow.  | 800,000               | 611,774           | 800,000               | 556,370           |
| DHCD            | 3.00% (compounded annually)  | Shared third mortgage on the property. | Payments of principal and interest are due to the extent of cash flow, as defined in the agreement, or upon maturity in March 2058. DHCD has an option to extend the maturity for an additional fifty years. During 2019, a payment of \$10,665 was paid based on 2018 net cash flow. During 2018, a payment of \$4,859 was paid based on 2017 net cash flow. | 750,000               | 307,204           | 750,000               | 286,999           |
| DHCD            | 6.00% (compounded annually)  | Shared third mortgage on the property. | Outstanding principal and interest are due upon maturity in March 2058. DHCD has an option to extend the maturity for an additional fifty years.  | 500,000               | 564,620           | 500,000               | 504,359           |
| DBEDC           | 10.00% (compounded annually) | Fourth mortgage on the property.       | Outstanding principal and interest are due in December 2023.  | 300,000               | 716,279           | 300,000               | 623,890           |
| DBEDC           | 0.00%                        | Unsecured.                             | Payment of principal is expected to be deferred until maturity. The loan matures in December 2039.  | 126,750               | -                 | 126,750               | -                 |
| DBEDC           | 10.00% (compounded annually) | Shared fifth mortgage on the property. | Payments of principal and interest are based on available cash flow and other events, as defined in the agreement, or upon maturity in December 2036. During 2019, a payment of \$21,331 was paid based on 2018 net cash flow. During 2018, a payment of \$9,719 was made based on 2017 net cash flow.  | 114,057               | 173,285           | 114,057               | 168,009           |
| DBEDC           | 10.00% (compounded annually) | Shared fifth mortgage on the property. | Payments of principal and interest shall be paid from permanent financing and cash flow, as defined in the agreement, or at maturity in December 2026.  | 53,300                | 98,774            | 53,300                | 84,949            |
| DBEDC           | 0.00%                        | Unsecured.                             | Payment of principal is expected to be deferred until maturity. The loan matures in December 2039.  | 29,628                | -                 | 29,628                | -                 |
|                 |                              |  |   | <u>3,752,212</u>      | <u>2,945,121</u>  | <u>3,752,212</u>      | <u>2,652,567</u>  |

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2019 and 2018

18. CONTINGENT DEBT AND DEFERRED INTEREST - RENTAL PROPERTIES (Continued)

| Lender   | Interest Rate               | Security  | Payment Terms   | 2019                  |                      | 2018                  |                      |
|--|-----------------------------|---|---|-----------------------|----------------------|-----------------------|----------------------|
|  |                             |   |   | Outstanding Principal | Deferred Interest    | Outstanding Principal | Deferred Interest    |
| <b>Quincy Heights</b>  |                             |   |   |                       |                      |                       |                      |
| DHCD   | 0.00%                       | Mortgage on the property and an assignment of rents and leases. | Payments of principal are due annually at 50% of excess cash flow. In 2019 and 2018, payments of \$121,777 and \$404,145, respectively, were made based on 2018 and 2017 net cash flows. Outstanding principal balance is due in November 2044. | 871,686               | -                    | 993,463               | -                    |
| City of Boston   | 0.00%                       | Mortgage on the property and an assignment of rents and leases. | Payments of principal are due annually at 50% of excess cash flow. In 2019 and 2018, payments of \$998,530 and \$329,845, respectively, were made based on 2018 and 2017 net cash flows. Outstanding principal balance is due in June 2040.     | 10,091,952            | -                    | 11,090,482            | -                    |
| City of Boston   | 0.00%                       | Mortgage on the property.                                       | Outstanding principal is due in June 2040.  | 1,312,337             | -                    | 1,312,337             | -                    |
| Boston Private   | 0.00%                       | Mortgage on the property.                                       | Outstanding principal is due fifteen years after construction close in May 2028.  | 400,000               | -                    | 400,000               | -                    |
| DBEDC  | 0.00%                       | Mortgage on the property.                                       | Note payable in the maximum amount of \$500,000. Outstanding principal is due in December 2043.   | 432,464               | -                    | 432,464               | -                    |
|  |                             |   |   | <u>13,108,439</u>     | <u>-</u>             | <u>14,228,746</u>     | <u>-</u>             |
| <b>Cottage Brook</b>   |                             |   |   |                       |                      |                       |                      |
| CBLP   | 2.61% (compounded annually) | Mortgage on the property.                                       | Payment of principal and interest is due and payable on December 28, 2045, or upon the sale or refinancing of the property or upon default (as described in the agreement).   | 16,130,834            | 1,751,145            | 16,130,834            | 1,296,297            |
| CBLP   | 0.00%                       | Mortgage on the property.                                       | Outstanding principal balance is due in December 2045.  | 547,000               | -                    | 547,000               | -                    |
| DBEDC  | 0.00%                       | Unsecured   | Payments are based on available cash flow, as defined in the agreement, or upon maturity in December 2027. During 2019, a payment of \$206,316 was paid based on 2018 net cash flow. No payment was made in 2018 based on 2017 cash flow.       | 973,684               | -                    | 1,180,000             | -                    |
| DBEDC  | 2.61% (compounded annually) | Mortgage on the property.                                       | Outstanding principal balance is due in December 2045.  | 1,500,000             | 126,858              | 1,500,000             | 85,477               |
| DBEDC  | 0.00%                       | Mortgage on the property.                                       | Outstanding principal balance is due in December 2045.  | 494,401               | -                    | 494,401               | -                    |
|  |                             |   |   | <u>19,645,919</u>     | <u>1,878,003</u>     | <u>19,852,235</u>     | <u>1,381,774</u>     |
| Total contingent debt and deferred interest - Rental Properties (see Note 9) |                             |   |   | <u>\$ 59,289,897</u>  | <u>\$ 19,779,609</u> | <u>\$ 60,857,089</u>  | <u>\$ 18,505,756</u> |

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Rental Properties  
 December 31, 2019  
 (With Summarized Comparative Totals as of December 31, 2018)

|   | 2019                    |                             |                     |                           |   |                                 |                                 |                      |                     |                      |                      |                     |
|---|-------------------------|-----------------------------|---------------------|---------------------------|---|---------------------------------|---------------------------------|----------------------|---------------------|----------------------|----------------------|---------------------|
|   | Pierce<br>Properties LP | Geneva<br>Apartments<br>LLC | DB<br>Uphams LP     | Glendale<br>Associates LP | Dudley<br>Village North<br>Commercial,<br>LLC | DB<br>618 Dudley<br>Street, LLC | DB<br>555 Dudley<br>Street, LLC | Wilder<br>Gardens LP | Ceylon<br>Field LP  | Dudley<br>Terrace LP | Pearl<br>Companies   | 150<br>Magnolia LP  |
| <b>Assets</b>   |                         |                             |                     |                           |   |                                 |                                 |                      |                     |                      |                      |                     |
| Current Assets:   |                         |                             |                     |                           |   |                                 |                                 |                      |                     |                      |                      |                     |
| Cash and cash equivalents   | \$ 35,853               | \$ 388,991                  | \$ 436,199          | \$ 537,246                | \$ 162,484                                    | \$ 205,775                      | \$ 115,102                      | \$ 1,092,477         | \$ 1,359,379        | \$ 314,784           | \$ 180,968           | \$ 224,864          |
| Tenant and other receivables, net of allowance for doubtful accounts      | -                       | 9,516                       | 8,509               | 33,930                    | 7,795   | -                               | 10,631                          | 15,017               | 17,567              | 4,935                | 75,572               | 6,138               |
| Current portion of escrows and restricted deposits                        | -                       | 30,522                      | 24,465              | 76,602                    | -   | 6,596                           | 13,739                          | 34,531               | 60,421              | 25,841               | -                    | 15,053              |
| Due from affiliates   | -                       | -                           | -                   | -                         | -   | -                               | -                               | -                    | -                   | -                    | -                    | -                   |
| Prepaid expenses and other current assets                                 | 1,999                   | 33,088                      | 8,244               | 43,513                    | -   | 884                             | 4,660                           | 12,634               | 10,742              | 33,255               | 8,659                | 3,982               |
| Total current assets  | <u>37,852</u>           | <u>462,117</u>              | <u>477,417</u>      | <u>691,291</u>            | <u>170,279</u>                                | <u>213,255</u>                  | <u>144,132</u>                  | <u>1,154,659</u>     | <u>1,448,109</u>    | <u>378,815</u>       | <u>265,199</u>       | <u>250,037</u>      |
| Other Assets:   |                         |                             |                     |                           |   |                                 |                                 |                      |                     |                      |                      |                     |
| Escrows and restricted deposits, net of current portion                   | 72,593                  | 826,406                     | 303,866             | 976,860                   | 71,387  | 15,559                          | 125,864                         | 507,322              | 255,365             | 556,052              | 195,915              | 213,687             |
| Notes and interest receivable, net of loan loss allowance                 | -                       | -                           | -                   | -                         | -   | -                               | -                               | -                    | -                   | -                    | 9,795,800            | -                   |
| Deferred rental revenue   | -                       | -                           | -                   | -                         | -   | -                               | -                               | -                    | -                   | -                    | 188,061              | -                   |
| Projects under development  | 1,249,681               | -                           | -                   | -                         | -   | -                               | -                               | -                    | -                   | -                    | -                    | -                   |
| Capitalized costs, net  | -                       | -                           | -                   | -                         | -   | -                               | -                               | -                    | -                   | -                    | -                    | -                   |
| Total other assets  | <u>1,322,274</u>        | <u>826,406</u>              | <u>303,866</u>      | <u>976,860</u>            | <u>71,387</u>                                 | <u>15,559</u>                   | <u>125,864</u>                  | <u>507,322</u>       | <u>255,365</u>      | <u>556,052</u>       | <u>10,179,776</u>    | <u>213,687</u>      |
| Property and Equipment:   |                         |                             |                     |                           |   |                                 |                                 |                      |                     |                      |                      |                     |
| Land and land improvements  | 81,000                  | -                           | 70,000              | -                         | -   | 21,010                          | 376,800                         | 120,750              | 143,000             | 287,144              | 527,773              | 625,939             |
| Buildings and improvements  | 729,000                 | 640,240                     | 6,048,769           | 16,373,408                | 1,459,126                                     | 692,479                         | 5,184,583                       | 10,463,852           | 9,346,636           | 8,498,422            | 11,501,370           | 7,072,178           |
| Furniture, fixtures and equipment   | 154,812                 | 81,381                      | 140,592             | 901,449                   | -   | 11,368                          | 64,121                          | 297,570              | 380,997             | 82,725               | 907,292              | 233,071             |
|   | 964,812                 | 721,621                     | 6,259,361           | 17,274,857                | 1,459,126                                     | 724,857                         | 5,625,504                       | 10,882,172           | 9,870,633           | 8,868,291            | 12,936,435           | 7,931,188           |
| Less - accumulated depreciation   | 433,821                 | 312,539                     | 4,721,324           | 9,102,005                 | 346,543                                       | 157,485                         | 1,094,723                       | 7,271,637            | 7,324,245           | 5,799,424            | 2,847,600            | 3,110,929           |
| Net property and equipment  | <u>530,991</u>          | <u>409,082</u>              | <u>1,538,037</u>    | <u>8,172,852</u>          | <u>1,112,583</u>                              | <u>567,372</u>                  | <u>4,530,781</u>                | <u>3,610,535</u>     | <u>2,546,388</u>    | <u>3,068,867</u>     | <u>10,088,835</u>    | <u>4,820,259</u>    |
| Total assets  | <u>\$ 1,891,117</u>     | <u>\$ 1,697,605</u>         | <u>\$ 2,319,320</u> | <u>\$ 9,841,003</u>       | <u>\$ 1,354,249</u>                           | <u>\$ 796,186</u>               | <u>\$ 4,800,777</u>             | <u>\$ 5,272,516</u>  | <u>\$ 4,249,862</u> | <u>\$ 4,003,734</u>  | <u>\$ 20,533,810</u> | <u>\$ 5,283,983</u> |
| <b>Liabilities and Net Assets</b>   |                         |                             |                     |                           |   |                                 |                                 |                      |                     |                      |                      |                     |
| Current Liabilities:  |                         |                             |                     |                           |   |                                 |                                 |                      |                     |                      |                      |                     |
| Current portion of notes payable  | \$ -                    | \$ -                        | \$ 56,088           | \$ 419,924                | \$ -  | \$ 4,192                        | \$ 21,788                       | \$ 39,041            | \$ -                | \$ -                 | \$ 132,063           | \$ 40,573           |
| Current portion of contingent debt and deferred interest                  | -                       | -                           | 385,038             | 119,876                   | 594,936                                       | -                               | 19,555                          | -                    | 807,190             | -                    | -                    | 88,344              |
| Current portion of due to affiliates                                      | -                       | -                           | -                   | 39,469                    | -   | -                               | -                               | -                    | -                   | -                    | -                    | -                   |
| Accounts payable and accrued expenses                                     | 38,406                  | 107,454                     | 59,813              | 187,559                   | 6,133   | 21,783                          | 60,915                          | 96,523               | 79,998              | 99,326               | 286,832              | 56,370              |
| Total current liabilities   | <u>38,406</u>           | <u>107,454</u>              | <u>500,939</u>      | <u>766,828</u>            | <u>601,069</u>                                | <u>25,975</u>                   | <u>102,258</u>                  | <u>135,564</u>       | <u>887,188</u>      | <u>99,326</u>        | <u>418,895</u>       | <u>185,287</u>      |
| Long-term Liabilities:  |                         |                             |                     |                           |   |                                 |                                 |                      |                     |                      |                      |                     |
| Notes payable, net of current portion and unamortized debt issuance costs | -                       | -                           | 2,301,997           | 6,399,816                 | 268,116                                       | 174,497                         | 1,530,141                       | 1,757,299            | -                   | 1,222,998            | 18,815,306           | 709,121             |
| Due to affiliates, net of current portion                                 | 1,642,493               | -                           | -                   | -                         | -   | -                               | 90,439                          | -                    | -                   | 1,035,753            | 623,504              | 11,361              |
| Total long-term liabilities   | <u>1,642,493</u>        | <u>-</u>                    | <u>2,301,997</u>    | <u>6,399,816</u>          | <u>268,116</u>                                | <u>174,497</u>                  | <u>1,620,580</u>                | <u>1,757,299</u>     | <u>-</u>            | <u>2,258,751</u>     | <u>19,438,810</u>    | <u>720,482</u>      |
| Contingent Debt and Deferred Interest, net of current portion             | -                       | -                           | 1,365,811           | 996,119                   | -   | 532,405                         | 2,947,461                       | -                    | 2,224,210           | 3,716,369            | -                    | 6,114,996           |
| Total liabilities   | <u>1,680,899</u>        | <u>107,454</u>              | <u>4,168,747</u>    | <u>8,162,763</u>          | <u>869,185</u>                                | <u>732,877</u>                  | <u>4,670,299</u>                | <u>1,892,863</u>     | <u>3,111,398</u>    | <u>6,074,446</u>     | <u>19,857,705</u>    | <u>7,020,765</u>    |
| Net Assets:   |                         |                             |                     |                           |   |                                 |                                 |                      |                     |                      |                      |                     |
| Without donor restrictions:   |                         |                             |                     |                           |   |                                 |                                 |                      |                     |                      |                      |                     |
| Operating   | 2,105                   | 354,663                     | 550,293             | 464,263                   | (395,748)                                     | 191,472                         | (724)                           | 1,281,432            | 1,368,111           | 595,061              | (457,076)            | 347,122             |
| Development   | (392,812)               | -                           | -                   | -                         | -   | -                               | -                               | -                    | -                   | -                    | -                    | -                   |
| Property and equipment  | 600,925                 | 1,235,488                   | (2,399,720)         | 1,213,977                 | 880,812                                       | (128,163)                       | 131,202                         | 2,098,221            | (229,647)           | (2,665,773)          | 1,133,181            | (2,083,904)         |
| Total without donor restrictions  | <u>210,218</u>          | <u>1,590,151</u>            | <u>(1,849,427)</u>  | <u>1,678,240</u>          | <u>485,064</u>                                | <u>63,309</u>                   | <u>130,478</u>                  | <u>3,379,653</u>     | <u>1,138,464</u>    | <u>(2,070,712)</u>   | <u>676,105</u>       | <u>(1,736,782)</u>  |
| Total net assets  | <u>210,218</u>          | <u>1,590,151</u>            | <u>(1,849,427)</u>  | <u>1,678,240</u>          | <u>485,064</u>                                | <u>63,309</u>                   | <u>130,478</u>                  | <u>3,379,653</u>     | <u>1,138,464</u>    | <u>(2,070,712)</u>   | <u>676,105</u>       | <u>(1,736,782)</u>  |
| Total liabilities and net assets  | <u>\$ 1,891,117</u>     | <u>\$ 1,697,605</u>         | <u>\$ 2,319,320</u> | <u>\$ 9,841,003</u>       | <u>\$ 1,354,249</u>                           | <u>\$ 796,186</u>               | <u>\$ 4,800,777</u>             | <u>\$ 5,272,516</u>  | <u>\$ 4,249,862</u> | <u>\$ 4,003,734</u>  | <u>\$ 20,533,810</u> | <u>\$ 5,283,983</u> |



## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Rental Properties - Continued  
December 31, 2019  
(With Summarized Comparative Totals as of December 31, 2018)

|   | 2019                           |                            |                               |                               |                      |                                   | 2018                  |                       |
|---|--------------------------------|----------------------------|-------------------------------|-------------------------------|----------------------|-----------------------------------|-----------------------|-----------------------|
|   | Brunswick<br>Holborn<br>Two LP | Columbia<br>Wood<br>Two LP | Dudley<br>Village<br>North LP | Dudley<br>Village<br>South LP | Quincy<br>Heights LP | Cottage<br>Brook<br>Apartments LP | Total                 | Total                 |
| <b>Assets</b>   |                                |                            |                               |                               |                      |                                   |                       |                       |
| Current Assets:   |                                |                            |                               |                               |                      |                                   |                       |                       |
| Cash and cash equivalents   | \$ 189,245                     | \$ 52,976                  | \$ 182,334                    | \$ 188,381                    | \$ 2,280,461         | \$ 1,438,661                      | \$ 9,386,180          | \$ 7,816,552          |
| Tenant and other receivables, net of allowance for doubtful accounts      | 12,529                         | 17,365                     | 9,832                         | 2,283                         | 72,885               | 105,687                           | 410,191               | 373,849               |
| Current portion of escrows and restricted deposits                        | 7,881                          | 34,113                     | 38,587                        | 41,272                        | 153,737              | 102,170                           | 665,530               | 1,019,361             |
| Due from affiliates   | -                              | -                          | -                             | -                             | -                    | 195,234                           | 195,234               | 192,843               |
| Prepaid expenses and other current assets                                 | 39,171                         | 2,202                      | 5,318                         | 5,281                         | 143,110              | 113,890                           | 470,632               | 461,672               |
| Total current assets  | <u>248,826</u>                 | <u>106,656</u>             | <u>236,071</u>                | <u>237,217</u>                | <u>2,650,193</u>     | <u>1,955,642</u>                  | <u>11,127,767</u>     | <u>9,864,277</u>      |
| Other Assets:   |                                |                            |                               |                               |                      |                                   |                       |                       |
| Escrows and restricted deposits, net of current portion                   | 628,613                        | 511,592                    | 284,729                       | 198,451                       | 2,471,805            | 2,429,728                         | 10,645,794            | 9,866,548             |
| Notes and interest receivable, net of loan loss allowance                 | -                              | -                          | -                             | -                             | -                    | -                                 | 9,795,800             | 9,795,800             |
| Deferred rental revenue   | -                              | -                          | -                             | -                             | -                    | -                                 | 188,061               | 176,799               |
| Projects under development  | -                              | -                          | -                             | -                             | -                    | -                                 | 1,249,681             | 1,079,819             |
| Capitalized costs, net  | 4,892                          | 2,172                      | 4,816                         | 87,723                        | 109,799              | 75,600                            | 285,002               | 309,850               |
| Total other assets  | <u>633,505</u>                 | <u>513,764</u>             | <u>289,545</u>                | <u>286,174</u>                | <u>2,581,604</u>     | <u>2,505,328</u>                  | <u>22,164,338</u>     | <u>21,228,816</u>     |
| Property and Equipment:   |                                |                            |                               |                               |                      |                                   |                       |                       |
| Land and land improvements  | 927,842                        | 987,282                    | 1,037,961                     | 105,576                       | 1,814,973            | 3,858,716                         | 10,985,766            | 10,997,583            |
| Buildings and improvements  | 12,136,679                     | 12,221,441                 | 8,152,933                     | 9,793,506                     | 48,839,110           | 54,086,214                        | 223,239,946           | 222,381,731           |
| Furniture, fixtures and equipment   | 245,947                        | 225,188                    | 98,824                        | 51,584                        | 1,162,893            | 705,893                           | 5,745,707             | 5,508,481             |
|   | <u>13,310,468</u>              | <u>13,433,911</u>          | <u>9,289,718</u>              | <u>9,950,666</u>              | <u>51,816,976</u>    | <u>58,650,823</u>                 | <u>239,971,419</u>    | <u>238,887,795</u>    |
| Less - accumulated depreciation   | 4,058,232                      | 4,191,691                  | 2,351,032                     | 2,867,426                     | 8,110,883            | 4,426,493                         | 68,528,032            | 61,824,836            |
| Net property and equipment  | <u>9,252,236</u>               | <u>9,242,220</u>           | <u>6,938,686</u>              | <u>7,083,240</u>              | <u>43,706,093</u>    | <u>54,224,330</u>                 | <u>171,443,387</u>    | <u>177,062,959</u>    |
| Total assets  | <u>\$ 10,134,567</u>           | <u>\$ 9,862,640</u>        | <u>\$ 7,464,302</u>           | <u>\$ 7,606,631</u>           | <u>\$ 48,937,890</u> | <u>\$ 58,685,300</u>              | <u>\$ 204,735,492</u> | <u>\$ 208,156,052</u> |
| <b>Liabilities and Net Assets</b>   |                                |                            |                               |                               |                      |                                   |                       |                       |
| Current Liabilities:  |                                |                            |                               |                               |                      |                                   |                       |                       |
| Current portion of notes payable  | \$ 65,016                      | \$ 74,810                  | \$ 26,952                     | \$ 28,102                     | \$ 549,519           | \$ 678,690                        | \$ 2,136,758          | \$ 3,174,567          |
| Current portion of contingent debt and deferred interest                  | 97,765                         | 88,268                     | 51,591                        | 39,781                        | 1,052,031            | 1,077,571                         | 4,421,946             | 2,361,900             |
| Current portion of due to affiliates                                      | -                              | -                          | -                             | -                             | 252,953              | 20,000                            | 312,422               | 310,264               |
| Accounts payable and accrued expenses                                     | 73,038                         | 78,500                     | 127,502                       | 121,601                       | 375,740              | 234,659                           | 2,112,152             | 2,280,064             |
| Total current liabilities   | <u>235,819</u>                 | <u>241,578</u>             | <u>206,045</u>                | <u>189,484</u>                | <u>2,230,243</u>     | <u>2,010,920</u>                  | <u>8,983,278</u>      | <u>8,126,795</u>      |
| Long-term Liabilities:  |                                |                            |                               |                               |                      |                                   |                       |                       |
| Notes payable, net of current portion and unamortized debt issuance costs | 1,864,128                      | 2,148,437                  | 1,063,215                     | 1,382,053                     | 14,305,351           | 17,896,202                        | 71,838,677            | 72,574,377            |
| Due to affiliates, net of current portion                                 | -                              | -                          | 155,979                       | -                             | -                    | -                                 | 3,559,529             | 4,823,003             |
| Total long-term liabilities   | <u>1,864,128</u>               | <u>2,148,437</u>           | <u>1,219,194</u>              | <u>1,382,053</u>              | <u>14,305,351</u>    | <u>17,896,202</u>                 | <u>75,398,206</u>     | <u>77,397,380</u>     |
| Contingent Debt and Deferred Interest, net of current portion             | <u>6,278,557</u>               | <u>5,120,773</u>           | <u>6,190,548</u>              | <u>6,657,552</u>              | <u>12,056,408</u>    | <u>20,446,351</u>                 | <u>74,647,560</u>     | <u>77,000,945</u>     |
| Total liabilities   | <u>8,378,504</u>               | <u>7,510,788</u>           | <u>7,615,787</u>              | <u>8,229,089</u>              | <u>28,592,002</u>    | <u>40,353,473</u>                 | <u>159,029,044</u>    | <u>162,525,120</u>    |
| Net Assets:   |                                |                            |                               |                               |                      |                                   |                       |                       |
| Without donor restrictions:   |                                |                            |                               |                               |                      |                                   |                       |                       |
| Operating   | 626,637                        | 506,901                    | 167,485                       | 223,117                       | 4,349,597            | 1,925,431                         | 12,100,142            | 10,945,324            |
| Development   | -                              | -                          | -                             | -                             | -                    | -                                 | (392,812)             | (367,373)             |
| Property and equipment  | 1,129,426                      | 1,844,951                  | (318,970)                     | (845,575)                     | 15,996,291           | 16,406,396                        | 33,999,118            | 35,052,981            |
| Total without donor restrictions  | <u>1,756,063</u>               | <u>2,351,852</u>           | <u>(151,485)</u>              | <u>(622,458)</u>              | <u>20,345,888</u>    | <u>18,331,827</u>                 | <u>45,706,448</u>     | <u>45,630,932</u>     |
| Total net assets  | <u>1,756,063</u>               | <u>2,351,852</u>           | <u>(151,485)</u>              | <u>(622,458)</u>              | <u>20,345,888</u>    | <u>18,331,827</u>                 | <u>45,706,448</u>     | <u>45,630,932</u>     |
| Total liabilities and net assets  | <u>\$ 10,134,567</u>           | <u>\$ 9,862,640</u>        | <u>\$ 7,464,302</u>           | <u>\$ 7,606,631</u>           | <u>\$ 48,937,890</u> | <u>\$ 58,685,300</u>              | <u>\$ 204,735,492</u> | <u>\$ 208,156,052</u> |

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Rental Properties  
December 31, 2018

|   | Pierce<br>Properties LP | Geneva<br>Apartments<br>LLC | DB<br>Uphams LP | Glendale<br>Associates LP | Dudley<br>Village North<br>Commercial,<br>LLC | DB<br>618 Dudley<br>Street, LLC | DB<br>555 Dudley<br>Street, LLC | Wilder<br>Gardens LP | Ceylon<br>Field LP | Dudley<br>Terrace LP | Pearl<br>Companies | 150<br>Magnolia LP |
|---|-------------------------|-----------------------------|-----------------|---------------------------|---|---------------------------------|---------------------------------|----------------------|--------------------|----------------------|--------------------|--------------------|
| <b>Assets</b>   |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Current Assets:   |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Cash and cash equivalents   | \$ 40,200               | \$ 313,730                  | \$ 207,081      | \$ 768,312                | \$ 127,530                                    | \$ 178,191                      | \$ 76,944                       | \$ 1,044,032         | \$ 1,120,649       | \$ 252,802           | \$ 74,866          | \$ 129,107         |
| Tenant and other receivables, net of allowance for doubtful accounts      | -                       | 9,278                       | 7,907           | 7,892                     | 3,373   | 2,192                           | 11,249                          | 20,427               | 10,796             | 3,583                | 96,064             | 8,534              |
| Current portion of escrows and restricted deposits                        | -                       | 18,360                      | 26,151          | 81,323                    | -   | 4,057                           | 13,875                          | 29,249               | 44,570             | 28,891               | -                  | 8,898              |
| Due from affiliates   | -                       | -                           | -               | -                         | -   | -                               | -                               | -                    | -                  | -                    | -                  | -                  |
| Prepaid expenses and other current assets                                 | 1,999                   | 31,248                      | 7,678           | 42,376                    | -   | 652                             | 3,979                           | 10,872               | 9,858              | 31,680               | 9,396              | 9,364              |
| Total current assets  | 42,199                  | 372,616                     | 248,817         | 899,903                   | 130,903                                       | 185,092                         | 106,047                         | 1,104,580            | 1,185,873          | 316,956              | 180,326            | 155,903            |
| Other Assets:   |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Escrows and restricted deposits, net of current portion                   | 72,777                  | 750,345                     | 310,858         | 919,268                   | 66,523  | 13,343                          | 114,214                         | 568,949              | 184,424            | 498,180              | 253,984            | 287,850            |
| Notes and interest receivable, net of loan loss allowance                 | -                       | -                           | -               | -                         | -   | -                               | -                               | -                    | -                  | -                    | 9,795,800          | -                  |
| Deferred rental revenue   | -                       | -                           | -               | -                         | -   | -                               | -                               | -                    | -                  | -                    | 176,799            | -                  |
| Projects under development  | 1,067,319               | -                           | -               | -                         | -   | -                               | -                               | -                    | -                  | 12,500               | -                  | -                  |
| Capitalized costs, net  | -                       | -                           | -               | -                         | -   | -                               | -                               | -                    | -                  | -                    | -                  | -                  |
| Total other assets  | 1,140,096               | 750,345                     | 310,858         | 919,268                   | 66,523  | 13,343                          | 114,214                         | 568,949              | 184,424            | 510,680              | 10,226,583         | 287,850            |
| Property and Equipment:   |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Land and land improvements  | 81,000                  | -                           | 70,000          | -                         | -   | 21,010                          | 376,800                         | 120,750              | 143,000            | 287,144              | 527,773            | 625,939            |
| Buildings and improvements  | 729,000                 | 399,360                     | 5,982,836       | 16,095,524                | 1,459,126                                     | 692,479                         | 5,180,613                       | 10,331,465           | 9,333,523          | 8,450,972            | 11,626,979         | 6,994,112          |
| Furniture, fixtures and equipment   | 154,812                 | 81,381                      | 140,592         | 874,951                   | -   | 8,788                           | 58,471                          | 284,473              | 373,613            | 82,725               | 907,292            | 223,451            |
|   | 964,812                 | 480,741                     | 6,193,428       | 16,970,475                | 1,459,126                                     | 722,277                         | 5,615,884                       | 10,736,688           | 9,850,136          | 8,820,841            | 13,062,044         | 7,843,502          |
| Less - accumulated depreciation   | 405,632                 | 279,440                     | 4,485,716       | 8,605,193                 | 310,063                                       | 138,651                         | 952,072                         | 6,858,642            | 6,955,580          | 5,491,389            | 2,463,687          | 2,915,869          |
| Net property and equipment  | 559,180                 | 201,301                     | 1,707,712       | 8,365,282                 | 1,149,063                                     | 583,626                         | 4,663,812                       | 3,878,046            | 2,894,556          | 3,329,452            | 10,598,357         | 4,927,633          |
| Total assets  | \$ 1,741,475            | \$ 1,324,262                | \$ 2,267,387    | \$ 10,184,453             | \$ 1,346,489                                  | \$ 782,061                      | \$ 4,884,073                    | \$ 5,551,575         | \$ 4,264,853       | \$ 4,157,088         | \$ 21,005,266      | \$ 5,371,386       |
| <b>Liabilities and Net Assets</b>   |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Current Liabilities:  |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Current portion of notes payable  | \$ -                    | \$ -                        | \$ 53,368       | \$ 361,021                | \$ 23,309                                     | \$ 3,993                        | \$ 34,937                       | \$ 37,196            | \$ -               | \$ 1,285,819         | \$ 77,327          | \$ 38,542          |
| Current portion of contingent debt and deferred interest                  | -                       | -                           | 109,775         | 102,269                   | -   | -                               | 4,804                           | -                    | 747,732            | -                    | -                  | 68,477             |
| Current portion of due to affiliates                                      | -                       | -                           | -               | 38,841                    | -   | -                               | -                               | -                    | -                  | -                    | 12,600             | -                  |
| Accounts payable and accrued expenses                                     | 30,406                  | 85,347                      | 71,924          | 373,035                   | 17,454  | 19,734                          | 38,702                          | 78,670               | 68,959             | 74,555               | 279,777            | 48,182             |
| Total current liabilities   | 30,406                  | 85,347                      | 235,067         | 875,166                   | 40,763  | 23,727                          | 78,443                          | 115,866              | 816,691            | 1,360,374            | 369,704            | 155,201            |
| Long-term Liabilities:  |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Notes payable, net of current portion and unamortized debt issuance costs | -                       | -                           | 2,354,148       | 6,842,581                 | 262,110                                       | 179,612                         | 1,552,092                       | 1,790,267            | -                  | -                    | 18,888,402         | 745,033            |
| Due to affiliates, net of current portion                                 | 1,434,692               | -                           | -               | -                         | -   | -                               | 90,439                          | -                    | -                  | 924,132              | 621,404            | 11,361             |
| Total long-term liabilities   | 1,434,692               | -                           | 2,354,148       | 6,842,581                 | 262,110                                       | 179,612                         | 1,642,531                       | 1,790,267            | -                  | 924,132              | 19,509,806         | 756,394            |
| Contingent Debt and Deferred Interest, net of current portion             | -                       | -                           | 1,589,186       | 1,026,657                 | 588,965                                       | 532,405                         | 2,920,616                       | -                    | 2,801,072          | 3,473,242            | -                  | 5,888,364          |
| Total liabilities   | 1,465,098               | 85,347                      | 4,178,401       | 8,744,404                 | 891,838                                       | 735,744                         | 4,641,590                       | 1,906,133            | 3,617,763          | 5,757,748            | 19,879,510         | 6,799,959          |
| Net Assets:   |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Without donor restrictions:   |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Operating   | 14,444                  | 287,269                     | 308,795         | 488,027                   | 144,937                                       | 165,358                         | (2,421)                         | 1,225,978            | 1,116,914          | 550,994              | (556,656)          | 257,531            |
| Development   | (367,373)               | -                           | -               | -                         | -   | -                               | -                               | -                    | -                  | -                    | -                  | -                  |
| Property and equipment  | 629,306                 | 951,646                     | (2,219,809)     | 952,022                   | 309,714                                       | (119,041)                       | 244,904                         | 2,419,464            | (469,824)          | (2,151,654)          | 1,682,412          | (1,686,104)        |
| Total without donor restrictions  | 276,377                 | 1,238,915                   | (1,911,014)     | 1,440,049                 | 454,651                                       | 46,317                          | 242,483                         | 3,645,442            | 647,090            | (1,600,660)          | 1,125,756          | (1,428,573)        |
| Total net assets  | 276,377                 | 1,238,915                   | (1,911,014)     | 1,440,049                 | 454,651                                       | 46,317                          | 242,483                         | 3,645,442            | 647,090            | (1,600,660)          | 1,125,756          | (1,428,573)        |
| Total liabilities and net assets  | \$ 1,741,475            | \$ 1,324,262                | \$ 2,267,387    | \$ 10,184,453             | \$ 1,346,489                                  | \$ 782,061                      | \$ 4,884,073                    | \$ 5,551,575         | \$ 4,264,853       | \$ 4,157,088         | \$ 21,005,266      | \$ 5,371,386       |

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Rental Properties - Continued  
December 31, 2018

| Assets  | Brunswick<br>Holborn<br>Two LP | Columbia<br>Wood<br>Two LP | Dudley<br>Village<br>North LP | Dudley<br>Village<br>South LP | Quincy<br>Heights LP | Cottage<br>Brook<br>Apartments LP | Total          |
|---|--------------------------------|----------------------------|-------------------------------|-------------------------------|----------------------|-----------------------------------|----------------|
| Current Assets:   |                                |                            |                               |                               |                      |                                   |                |
| Cash and cash equivalents   | \$ 190,321                     | \$ 71,225                  | \$ 181,240                    | \$ 155,135                    | \$ 2,373,658         | \$ 511,529                        | \$ 7,816,552   |
| Tenant and other receivables, net of allowance for doubtful accounts      | 3,747                          | 13,530                     | 4,929                         | 7,527                         | 116,907              | 45,914                            | 373,849        |
| Current portion of escrows and restricted deposits                        | 19,284                         | 17,281                     | 39,712                        | 42,304                        | 221,382              | 424,024                           | 1,019,361      |
| Due from affiliates   | -                              | -                          | -                             | -                             | -                    | 192,843                           | 192,843        |
| Prepaid expenses and other current assets                                 | 30,769                         | 28,775                     | 4,867                         | 4,851                         | 140,588              | 92,720                            | 461,672        |
| Total current assets  | 244,121                        | 130,811                    | 230,748                       | 209,817                       | 2,852,535            | 1,267,030                         | 9,864,277      |
| Other Assets:   |                                |                            |                               |                               |                      |                                   |                |
| Escrows and restricted deposits, net of current portion                   | 581,266                        | 514,119                    | 264,532                       | 180,468                       | 2,356,858            | 1,928,590                         | 9,866,548      |
| Notes and interest receivable, net of loan loss allowance                 | -                              | -                          | -                             | -                             | -                    | -                                 | 9,795,800      |
| Deferred rental revenue   | -                              | -                          | -                             | -                             | -                    | -                                 | 176,799        |
| Projects under development  | -                              | -                          | -                             | -                             | -                    | -                                 | 1,079,819      |
| Capitalized costs, net  | 6,850                          | 4,346                      | 6,073                         | 89,902                        | 120,779              | 81,900                            | 309,850        |
| Total other assets  | 588,116                        | 518,465                    | 270,605                       | 270,370                       | 2,477,637            | 2,010,490                         | 21,228,816     |
| Property and Equipment:   |                                |                            |                               |                               |                      |                                   |                |
| Land and land improvements  | 927,842                        | 987,282                    | 1,049,778                     | 105,576                       | 1,814,973            | 3,858,716                         | 10,997,583     |
| Buildings and improvements  | 12,136,679                     | 12,206,236                 | 8,129,305                     | 9,793,506                     | 48,839,110           | 54,000,906                        | 222,381,731    |
| Furniture, fixtures and equipment   | 185,743                        | 134,326                    | 85,524                        | 43,553                        | 1,162,893            | 705,893                           | 5,508,481      |
|   | 13,250,264                     | 13,327,844                 | 9,264,607                     | 9,942,635                     | 51,816,976           | 58,565,515                        | 238,887,795    |
| Less - accumulated depreciation   | 3,731,256                      | 3,860,762                  | 2,127,582                     | 2,607,974                     | 6,684,600            | 2,950,728                         | 61,824,836     |
| Net property and equipment  | 9,519,008                      | 9,467,082                  | 7,137,025                     | 7,334,661                     | 45,132,376           | 55,614,787                        | 177,062,959    |
| Total assets  | \$ 10,351,245                  | \$ 10,116,358              | \$ 7,638,378                  | \$ 7,814,848                  | \$ 50,462,548        | \$ 58,892,307                     | \$ 208,156,052 |
| <b>Liabilities and Net Assets</b>   |                                |                            |                               |                               |                      |                                   |                |
| Current Liabilities:  |                                |                            |                               |                               |                      |                                   |                |
| Current portion of notes payable  | \$ 93,848                      | \$ 70,499                  | \$ 26,051                     | \$ 26,399                     | \$ 537,090           | \$ 505,168                        | \$ 3,174,567   |
| Current portion of contingent debt and deferred interest                  | 135,939                        | 85,258                     | 39,498                        | 42,662                        | 716,311              | 309,175                           | 2,361,900      |
| Current portion of due to affiliates                                      | -                              | -                          | -                             | -                             | 258,823              | -                                 | 310,264        |
| Accounts payable and accrued expenses                                     | 75,529                         | 77,899                     | 106,322                       | 124,962                       | 383,533              | 325,074                           | 2,280,064      |
| Total current liabilities   | 305,316                        | 233,656                    | 171,871                       | 194,023                       | 1,895,757            | 1,139,417                         | 8,126,795      |
| Long-term Liabilities:  |                                |                            |                               |                               |                      |                                   |                |
| Notes payable, net of current portion and unamortized debt issuance costs | 1,894,247                      | 2,220,687                  | 1,086,221                     | 1,404,704                     | 14,835,085           | 18,519,188                        | 72,574,377     |
| Due to affiliates, net of current portion                                 | -                              | -                          | 155,979                       | -                             | -                    | 1,584,996                         | 4,823,003      |
| Total long-term liabilities   | 1,894,247                      | 2,220,687                  | 1,242,200                     | 1,404,704                     | 14,835,085           | 20,104,184                        | 77,397,380     |
| Contingent Debt and Deferred Interest, net of current portion             | 6,230,141                      | 5,139,685                  | 6,011,226                     | 6,362,117                     | 13,512,435           | 20,924,834                        | 77,000,945     |
| Total liabilities   | 8,429,704                      | 7,594,028                  | 7,425,297                     | 7,960,844                     | 30,243,277           | 42,168,435                        | 162,525,120    |
| Net Assets:   |                                |                            |                               |                               |                      |                                   |                |
| Without donor restrictions:   |                                |                            |                               |                               |                      |                                   |                |
| Operating   | 609,470                        | 521,069                    | 178,590                       | 189,979                       | 4,503,090            | 941,956                           | 10,945,324     |
| Development   | -                              | -                          | -                             | -                             | -                    | -                                 | (367,373)      |
| Property and equipment  | 1,312,071                      | 2,001,261                  | 34,491                        | (335,975)                     | 15,716,181           | 15,781,916                        | 35,052,981     |
| Total without donor restrictions  | 1,921,541                      | 2,522,330                  | 213,081                       | (145,996)                     | 20,219,271           | 16,723,872                        | 45,630,932     |
| Total net assets  | 1,921,541                      | 2,522,330                  | 213,081                       | (145,996)                     | 20,219,271           | 16,723,872                        | 45,630,932     |
| Total liabilities and net assets  | \$ 10,351,245                  | \$ 10,116,358              | \$ 7,638,378                  | \$ 7,814,848                  | \$ 50,462,548        | \$ 58,892,307                     | \$ 208,156,052 |

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Properties

For the Year Ended December 31, 2019

(With Summarized Comparative Totals for the Year Ended December 31, 2018)

|   | 2019                    |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
|---|-------------------------|-----------------------------|-----------------|---------------------------|---|---------------------------------|---------------------------------|----------------------|--------------------|----------------------|--------------------|--------------------|
|   | Pierce<br>Properties LP | Geneva<br>Apartments<br>LLC | DB<br>Uphams LP | Glendale<br>Associates LP | Dudley<br>Village North<br>Commercial,<br>LLC | DB<br>618 Dudley<br>Street, LLC | DB<br>555 Dudley<br>Street, LLC | Wilder<br>Gardens LP | Ceylon<br>Field LP | Dudley<br>Terrace LP | Pearl<br>Companies | 150<br>Magnolia LP |
| <b>Net Assets Without Donor Restrictions:</b>   |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Operating revenues:   |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Rental income, net  | \$ 76,729               | \$ 1,339,861                | \$ 1,078,574    | \$ 2,563,339              | \$ 93,077                                     | \$ 105,360                      | \$ 350,069                      | \$ 1,781,011         | \$ 1,942,267       | \$ 951,335           | \$ 1,054,845       | \$ 510,737         |
| Interest income and other   | 15                      | 26,331                      | 2,172           | 1,285                     | 94  | 1,792                           | 2,672                           | 20,575               | 1,576              | 14,870               | 179,190            | 6,328              |
| Total operating revenues  | 76,744                  | 1,366,192                   | 1,080,746       | 2,564,624                 | 93,171  | 107,152                         | 352,741                         | 1,801,586            | 1,943,843          | 966,205              | 1,234,035          | 517,065            |
| Operating expenses:   |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Personnel and related costs:  |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Consulting and contract labor   | -                       | 175,232                     | 88,298          | 363,927                   | -   | 13,366                          | 21,819                          | 149,315              | 110,276            | 180,538              | 49,087             | 60,527             |
| Occupancy:  |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Interest  | -                       | -                           | 128,131         | 144,655                   | 15,405  | 11,272                          | 68,822                          | 98,856               | -                  | 95,553               | 501,252            | 44,911             |
| Utilities   | 33,627                  | 131,111                     | 111,271         | 237,743                   | 2,526   | 8,714                           | 30,904                          | 188,193              | 148,717            | 111,449              | 210,924            | 94,537             |
| Contracted services   | -                       | 119,812                     | 80,679          | 256,197                   | -   | 6,483                           | 38,386                          | 123,717              | 131,366            | 141,043              | 74,055             | 90,284             |
| Real estate taxes   | 29,112                  | 35,956                      | 31,334          | 136,151                   | -   | 8,075                           | 51,162                          | 50,835               | 82,808             | 62,530               | 44,709             | 18,783             |
| Repairs and maintenance   | 41,715                  | 338,390                     | 52,169          | 106,687                   | -   | 5,616                           | 27,297                          | 61,545               | 58,286             | 52,826               | 34,639             | 16,466             |
| Insurance   | -                       | 43,713                      | 20,556          | 67,640                    | -   | 2,204                           | 7,062                           | 26,209               | 25,632             | 44,522               | 29,831             | 12,616             |
| Rent  | -                       | -                           | -               | -                         | 1,200   | -                               | -                               | -                    | -                  | -                    | -                  | -                  |
| Total occupancy   | 104,454                 | 668,982                     | 424,140         | 949,073                   | 19,131  | 42,364                          | 223,633                         | 549,355              | 446,809            | 507,923              | 895,410            | 277,597            |
| Other:  |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Professional fees   | -                       | 17,801                      | 23,589          | 41,066                    | 750   | 11,558                          | 13,490                          | 33,115               | 26,284             | 22,964               | 6,055              | 10,119             |
| Management fees   | 7,020                   | 53,594                      | 23,803          | 114,221                   | -   | 2,320                           | 11,371                          | 56,724               | 40,421             | 28,000               | 104,923            | 12,500             |
| Office  | 659                     | 31,742                      | 14,796          | 56,548                    | -   | 285                             | 4,520                           | 25,908               | 24,320             | 23,068               | 14,087             | 19,050             |
| Bad debts   | -                       | 1,105                       | 138             | 856                       | -   | 1,393                           | 1,851                           | 1,193                | 379                | 6,240                | 103,062            | -                  |
| Miscellaneous   | 2,581                   | 3,505                       | 1,154           | 5,421                     | 485   | 39                              | 815                             | 3,182                | 533                | 4,741                | 1,540              | 3,920              |
| Tenant services   | -                       | 12,000                      | 15,970          | 157,805                   | -   | -                               | 3,000                           | 68,029               | 69,960             | 31,680               | -                  | -                  |
| Total other   | 10,260                  | 119,747                     | 79,450          | 375,917                   | 1,235   | 15,595                          | 35,047                          | 188,151              | 161,897            | 116,693              | 229,667            | 45,589             |
| Total operating expenses  | 114,714                 | 963,961                     | 591,888         | 1,688,917                 | 20,366  | 71,325                          | 280,499                         | 886,821              | 718,982            | 805,154              | 1,174,164          | 383,713            |
| Changes in net assets without donor restrictions from operations before depreciation and amortization | (37,970)                | 402,231                     | 488,858         | 875,707                   | 72,805  | 35,827                          | 72,242                          | 914,765              | 1,224,861          | 161,051              | 59,871             | 133,352            |
| Depreciation and amortization   | 28,189                  | 33,099                      | 235,608         | 496,812                   | 36,480  | 18,835                          | 142,651                         | 412,995              | 368,665            | 308,035              | 509,522            | 195,060            |
| Changes in net assets without donor restrictions from operations                                      | (66,159)                | 369,132                     | 253,250         | 378,895                   | 36,325  | 16,992                          | (70,409)                        | 501,770              | 856,196            | (146,984)            | (449,651)          | (61,708)           |
| Non-operating revenues (expenses):  |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Forgiveness of debt   | -                       | -                           | -               | -                         | -   | -                               | -                               | -                    | -                  | -                    | -                  | -                  |
| Insurance gains   | -                       | -                           | -               | -                         | -   | -                               | -                               | -                    | -                  | -                    | -                  | -                  |
| Capital grants  | -                       | -                           | -               | -                         | -   | -                               | -                               | -                    | -                  | -                    | -                  | -                  |
| Incentive and supplemental management fees  | -                       | (17,896)                    | (30,000)        | (39,469)                  | -   | -                               | -                               | (210,056)            | (134,492)          | (79,941)             | -                  | -                  |
| Deferred interest   | -                       | -                           | (161,663)       | (101,235)                 | (5,912)                                       | -                               | (41,596)                        | -                    | (230,330)          | (243,127)            | -                  | (246,501)          |
| Total non-operating revenues (expenses)   | -                       | (17,896)                    | (191,663)       | (140,704)                 | (5,912)                                       | -                               | (41,596)                        | (210,056)            | (364,822)          | (323,068)            | -                  | (246,501)          |
| Changes in net assets without donor restrictions  | \$ (66,159)             | \$ 351,236                  | \$ 61,587       | \$ 238,191                | \$ 30,413                                     | \$ 16,992                       | \$ (112,005)                    | \$ 291,714           | \$ 491,374         | \$ (470,052)         | \$ (449,651)       | \$ (308,209)       |

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Properties - Continued  
 For the Year Ended December 31, 2019  
 (With Summarized Comparative Totals for the Year Ended December 31, 2018)

|   | 2019                           |                            |                               |                               |                      |                                   | 2018          |
|---|--------------------------------|----------------------------|-------------------------------|-------------------------------|----------------------|-----------------------------------|---------------|
|   | Brunswick<br>Holborn<br>Two LP | Columbia<br>Wood<br>Two LP | Dudley<br>Village<br>North LP | Dudley<br>Village<br>South LP | Quincy<br>Heights LP | Cottage<br>Brook<br>Apartments LP | Total         |
| <b>Net Assets Without Donor Restrictions:</b>   |                                |                            |                               |                               |                      |                                   |               |
| Operating revenues:   |                                |                            |                               |                               |                      |                                   |               |
| Rental income, net  | \$ 917,594                     | \$ 967,629                 | \$ 487,992                    | \$ 548,309                    | \$ 4,781,905         | \$ 4,025,983                      | \$ 23,576,616 |
| Interest income and other   | 68,079                         | 13,867                     | 6,287                         | 4,336                         | 130,266              | 8,689                             | 488,424       |
| Total operating revenues  | 985,673                        | 981,496                    | 494,279                       | 552,645                       | 4,912,171            | 4,034,672                         | 24,065,040    |
| Operating expenses:   |                                |                            |                               |                               |                      |                                   |               |
| Personnel and related costs:  |                                |                            |                               |                               |                      |                                   |               |
| Consulting and contract labor   | 92,081                         | 114,349                    | 60,658                        | 60,523                        | 356,111              | 459,436                           | 2,355,543     |
| Occupancy:  |                                |                            |                               |                               |                      |                                   |               |
| Interest  | 120,683                        | 138,401                    | 37,815                        | 77,505                        | 428,790              | 783,574                           | 2,695,625     |
| Utilities   | 101,890                        | 116,134                    | 55,936                        | 50,993                        | 321,879              | 404,535                           | 2,361,083     |
| Contracted services   | 108,691                        | 117,192                    | 61,027                        | 74,696                        | 338,066              | 344,638                           | 2,106,332     |
| Real estate taxes   | 39,255                         | 47,624                     | 41,272                        | 46,328                        | 239,165              | 193,625                           | 1,158,724     |
| Repairs and maintenance   | 18,761                         | 17,692                     | 28,034                        | 28,910                        | 112,026              | 46,887                            | 1,047,946     |
| Insurance   | 40,799                         | 38,545                     | 14,552                        | 13,907                        | 140,773              | 120,069                           | 648,630       |
| Rent  | 4,544                          | 3,744                      | 4,643                         | 6,051                         | -                    | -                                 | 20,182        |
| Total occupancy   | 434,623                        | 479,332                    | 243,279                       | 298,390                       | 1,580,699            | 1,893,328                         | 10,038,522    |
| Other:  |                                |                            |                               |                               |                      |                                   |               |
| Professional fees   | 18,379                         | 21,959                     | 17,374                        | 18,223                        | 48,193               | 47,372                            | 378,291       |
| Management fees   | 37,295                         | 39,124                     | 14,820                        | 16,056                        | 277,549              | 121,311                           | 961,052       |
| Office  | 35,518                         | 19,610                     | 9,790                         | 9,879                         | 50,812               | 72,626                            | 413,218       |
| Bad debts   | 510                            | 2,705                      | -                             | 14,717                        | 17,125               | 10,965                            | 162,239       |
| Miscellaneous   | 2,671                          | 3,054                      | 623                           | 756                           | 43,524               | 35,489                            | 114,033       |
| Tenant services   | 26,400                         | 26,200                     | 12,966                        | 13,715                        | 108,000              | 60,382                            | 606,107       |
| Total other   | 120,773                        | 112,652                    | 55,573                        | 73,346                        | 545,203              | 348,145                           | 2,634,940     |
| Total operating expenses  | 647,477                        | 706,333                    | 359,510                       | 432,259                       | 2,482,013            | 2,700,909                         | 15,029,005    |
| Changes in net assets without donor restrictions from operations before depreciation and amortization | 338,196                        | 275,163                    | 134,769                       | 120,386                       | 2,430,158            | 1,333,763                         | 9,036,035     |
| Depreciation and amortization   | 328,935                        | 333,103                    | 236,524                       | 261,631                       | 1,437,263            | 1,482,065                         | 6,865,472     |
| Changes in net assets without donor restrictions from operations                                      | 9,261                          | (57,940)                   | (101,755)                     | (141,245)                     | 992,895              | (148,302)                         | 2,170,563     |
| Non-operating revenues (expenses):  |                                |                            |                               |                               |                      |                                   |               |
| Forgiveness of debt   | -                              | -                          | -                             | -                             | -                    | -                                 | -             |
| Insurance gains   | -                              | 23,676                     | -                             | -                             | -                    | -                                 | 23,676        |
| Capital grants  | -                              | -                          | -                             | -                             | -                    | -                                 | -             |
| Incentive and supplemental management fees  | -                              | -                          | -                             | -                             | (119,406)            | (5,464)                           | (636,724)     |
| Deferred interest   | (174,739)                      | (136,214)                  | (262,811)                     | (335,217)                     | -                    | (496,229)                         | (2,435,574)   |
| Total non-operating revenues (expenses)   | (174,739)                      | (112,538)                  | (262,811)                     | (335,217)                     | (119,406)            | (501,693)                         | (3,048,622)   |
| Changes in net assets without donor restrictions  | \$ (165,478)                   | \$ (170,478)               | \$ (364,566)                  | \$ (476,462)                  | \$ 873,489           | \$ (649,995)                      | \$ (878,059)  |

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Properties  
For the Year Ended December 31, 2018

|   | Pierce<br>Properties LP | Geneva<br>Apartments<br>LLC | DB<br>Uphams LP | Glendale<br>Associates LP | Dudley<br>Village North<br>Commercial,<br>LLC | DB<br>618 Dudley<br>Street, LLC | DB<br>555 Dudley<br>Street, LLC | Wilder<br>Gardens LP | Ceylon<br>Field LP | Dudley<br>Terrace LP | Pearl<br>Companies | 150<br>Magnolia LP |
|---|-------------------------|-----------------------------|-----------------|---------------------------|---|---------------------------------|---------------------------------|----------------------|--------------------|----------------------|--------------------|--------------------|
| <b>Net Assets Without Donor Restrictions:</b>   |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Operating revenues:   |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Rental income, net  | \$ 74,099               | \$ 1,327,115                | \$ 739,203      | \$ 2,521,753              | \$ 91,702                                     | \$ 100,772                      | \$ 321,252                      | \$ 1,743,707         | \$ 1,744,489       | \$ 922,084           | \$ 921,955         | \$ 492,202         |
| Interest income and other   | 14                      | 15,084                      | 1,816           | 1,453                     | 44  | 1,032                           | 2,235                           | 13,418               | 1,076              | 10,201               | 139,461            | 8,042              |
| Total operating revenues  | 74,113                  | 1,342,199                   | 741,019         | 2,523,206                 | 91,746  | 101,804                         | 323,487                         | 1,757,125            | 1,745,565          | 932,285              | 1,061,416          | 500,244            |
| Operating expenses:   |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Personnel and related costs:  |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Consulting and contract labor   | -                       | 175,954                     | 79,158          | 375,463                   | -   | 10,685                          | 17,304                          | 161,987              | 99,441             | 187,302              | 41,406             | 50,682             |
| Occupancy:  |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Interest  | 3,862                   | -                           | 130,875         | 151,767                   | 15,918  | 11,536                          | 70,368                          | 100,514              | 11,289             | 100,137              | 500,815            | 46,876             |
| Utilities   | 23,337                  | 118,701                     | 120,205         | 250,379                   | 3,444   | 8,326                           | 36,452                          | 219,665              | 172,196            | 100,810              | 228,293            | 92,910             |
| Contracted services   | -                       | 105,528                     | 49,384          | 224,275                   | -   | 2,449                           | 11,703                          | 81,990               | 125,662            | 130,903              | 56,968             | 69,273             |
| Real estate taxes   | 34,963                  | 34,984                      | 30,571          | 133,258                   | -   | 7,543                           | 48,611                          | 49,452               | 80,198             | 56,095               | 42,978             | 21,934             |
| Repairs and maintenance   | 47,095                  | 169,726                     | 23,679          | 85,824                    | -   | 6,201                           | 14,745                          | 50,506               | 52,772             | 79,156               | 64,964             | 13,837             |
| Insurance   | -                       | 40,215                      | 19,542          | 62,795                    | -   | 2,095                           | 6,714                           | 24,916               | 24,367             | 22,302               | 22,927             | 11,488             |
| Rent  | -                       | 80                          | -               | -                         | 1,200   | -                               | -                               | -                    | -                  | -                    | -                  | -                  |
| Total occupancy   | 109,257                 | 469,234                     | 374,256         | 908,298                   | 20,562  | 38,150                          | 188,593                         | 527,043              | 466,484            | 489,403              | 916,945            | 256,318            |
| Other:  |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Professional fees   | 1,380                   | 19,851                      | 13,996          | 33,758                    | 10,750  | 10,490                          | 15,727                          | 19,806               | 18,022             | 20,301               | 19,468             | 19,711             |
| Management fees   | 7,020                   | 53,115                      | 22,998          | 113,646                   | -   | 2,320                           | 10,117                          | 55,290               | 39,244             | 28,000               | 103,539            | 12,500             |
| Office  | -                       | 24,302                      | 13,551          | 56,638                    | -   | 921                             | 3,033                           | 26,530               | 21,325             | 23,847               | 20,443             | 13,088             |
| Bad debts   | -                       | -                           | -               | -                         | -   | -                               | 5,261                           | 94                   | 231                | 6,585                | 31,660             | -                  |
| Miscellaneous   | 905                     | 821                         | 1,188           | 4,881                     | 590   | -                               | 919                             | 3,071                | 1,331              | 906                  | 4,171              | 1,448              |
| Tenant services   | -                       | 12,885                      | 15,213          | 154,642                   | -   | -                               | -                               | 65,736               | 67,922             | 31,680               | -                  | -                  |
| Total other   | 9,305                   | 110,974                     | 66,946          | 363,565                   | 11,340  | 13,731                          | 35,057                          | 170,527              | 148,075            | 111,319              | 179,281            | 46,747             |
| Total operating expenses  | 118,562                 | 756,162                     | 520,360         | 1,647,326                 | 31,902  | 62,566                          | 240,954                         | 859,557              | 714,000            | 788,024              | 1,137,632          | 353,747            |
| Changes in net assets without donor restrictions from operations before depreciation and amortization | (44,449)                | 586,037                     | 220,659         | 875,880                   | 59,844  | 39,238                          | 82,533                          | 897,568              | 1,031,565          | 144,261              | (76,216)           | 146,497            |
| Depreciation and amortization   | 29,135                  | 26,146                      | 233,964         | 490,173                   | 36,478  | 18,615                          | 140,744                         | 407,056              | 368,244            | 307,500              | 510,731            | 188,184            |
| Changes in net assets without donor restrictions from operations                                      | (73,584)                | 559,891                     | (13,305)        | 385,707                   | 23,366  | 20,623                          | (58,211)                        | 490,512              | 663,321            | (163,239)            | (586,947)          | (41,687)           |
| Non-operating revenues (expenses):  |                         |                             |                 |                           |   |                                 |                                 |                      |                    |                      |                    |                    |
| Forgiveness of debt   | -                       | -                           | -               | -                         | -   | -                               | -                               | -                    | -                  | 4,159,088            | -                  | -                  |
| Capital grants  | -                       | -                           | -               | -                         | -   | -                               | -                               | -                    | -                  | -                    | -                  | 55,910             |
| Incentive and supplemental management fees  | -                       | -                           | (30,000)        | (38,841)                  | -   | -                               | -                               | (207,110)            | (131,755)          | (76,658)             | -                  | -                  |
| Deferred interest   | -                       | -                           | (156,784)       | (102,726)                 | (5,912)                                       | -                               | (38,781)                        | -                    | (272,835)          | (227,221)            | -                  | (255,527)          |
| Total non-operating revenues (expenses)   | -                       | -                           | (186,784)       | (141,567)                 | (5,912)                                       | -                               | (38,781)                        | (207,110)            | (404,590)          | 3,855,209            | -                  | (199,617)          |
| Changes in net assets without donor restrictions  | \$ (73,584)             | \$ 559,891                  | \$ (200,089)    | \$ 244,140                | \$ 17,454                                     | \$ 20,623                       | \$ (96,992)                     | \$ 283,402           | \$ 258,731         | \$ 3,691,970         | \$ (586,947)       | \$ (241,304)       |

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Properties - Continued  
For the Year Ended December 31, 2018

|   | Brunswick<br>Holborn<br>Two LP | Columbia<br>Wood<br>Two LP | Dudley<br>Village<br>North LP | Dudley<br>Village<br>South LP | Quincy<br>Heights LP | Cottage<br>Brook<br>Apartments LP | Total         |
|---|--------------------------------|----------------------------|-------------------------------|-------------------------------|----------------------|-----------------------------------|---------------|
| <b>Net Assets Without Donor Restrictions:</b>   |                                |                            |                               |                               |                      |                                   |               |
| Operating revenues:   |                                |                            |                               |                               |                      |                                   |               |
| Rental income, net  | \$ 891,456                     | \$ 941,730                 | \$ 471,068                    | \$ 523,500                    | \$ 4,766,169         | \$ 3,901,075                      | \$ 22,495,331 |
| Interest income and other   | 11,748                         | 12,402                     | 5,163                         | 3,436                         | 93,558               | 122,749                           | 442,932       |
| Total operating revenues  | 903,204                        | 954,132                    | 476,231                       | 526,936                       | 4,859,727            | 4,023,824                         | 22,938,263    |
| Operating expenses:   |                                |                            |                               |                               |                      |                                   |               |
| Personnel and related costs:  |                                |                            |                               |                               |                      |                                   |               |
| Consulting and contract labor   | 106,714                        | 101,499                    | 49,809                        | 50,163                        | 329,958              | 473,016                           | 2,310,541     |
| Occupancy:  |                                |                            |                               |                               |                      |                                   |               |
| Interest  | 124,237                        | 142,484                    | 38,687                        | 79,251                        | 444,036              | 1,002,756                         | 2,975,408     |
| Utilities   | 104,810                        | 121,822                    | 55,137                        | 52,322                        | 304,959              | 351,916                           | 2,365,684     |
| Contracted services   | 101,737                        | 137,278                    | 44,798                        | 54,884                        | 339,623              | 314,092                           | 1,850,547     |
| Real estate taxes   | 38,183                         | 38,108                     | 39,843                        | 44,201                        | 258,186              | 287,215                           | 1,246,323     |
| Repairs and maintenance   | 18,479                         | 21,757                     | 27,258                        | 29,263                        | 93,053               | 52,505                            | 850,820       |
| Insurance   | 35,476                         | 34,131                     | 13,833                        | 13,220                        | 126,500              | 106,298                           | 566,819       |
| Rent  | 4,410                          | 3,744                      | 4,422                         | 5,763                         | -                    | -                                 | 19,619        |
| Total occupancy   | 427,332                        | 499,324                    | 223,978                       | 278,904                       | 1,566,357            | 2,114,782                         | 9,875,220     |
| Other:  |                                |                            |                               |                               |                      |                                   |               |
| Professional fees   | 17,397                         | 18,836                     | 17,429                        | 13,194                        | 51,901               | 68,538                            | 390,555       |
| Management fees   | 36,095                         | 37,880                     | 14,319                        | 15,513                        | 276,168              | 121,775                           | 949,539       |
| Office  | 22,815                         | 18,522                     | 8,338                         | 8,488                         | 33,144               | 56,420                            | 351,405       |
| Bad debts   | 4,208                          | 5,528                      | 147                           | 1,867                         | 29,836               | 16,627                            | 102,044       |
| Miscellaneous   | 2,749                          | 1,890                      | 2,183                         | 3,992                         | 25,148               | 47,538                            | 103,731       |
| Tenant services   | 22,490                         | 22,000                     | 12,302                        | 13,316                        | 108,000              | 65,143                            | 591,329       |
| Total other   | 105,754                        | 104,656                    | 54,718                        | 56,370                        | 524,197              | 376,041                           | 2,488,603     |
| Total operating expenses  | 639,800                        | 705,479                    | 328,505                       | 385,437                       | 2,420,512            | 2,963,839                         | 14,674,364    |
| Changes in net assets without donor restrictions from operations before depreciation and amortization | 263,404                        | 248,653                    | 147,726                       | 141,499                       | 2,439,215            | 1,059,985                         | 8,263,899     |
| Depreciation and amortization   | 323,649                        | 327,016                    | 231,993                       | 258,333                       | 1,547,423            | 1,475,973                         | 6,921,357     |
| Changes in net assets without donor restrictions from operations                                      | (60,245)                       | (78,363)                   | (84,267)                      | (116,834)                     | 891,792              | (415,988)                         | 1,342,542     |
| Non-operating revenues (expenses):  |                                |                            |                               |                               |                      |                                   |               |
| Forgiveness of debt   | -                              | -                          | -                             | -                             | -                    | -                                 | 4,159,088     |
| Capital grants  | -                              | -                          | -                             | -                             | -                    | -                                 | 55,910        |
| Incentive and supplemental management fees  | -                              | -                          | -                             | -                             | (115,928)            | (5,305)                           | (605,597)     |
| Deferred interest   | (171,648)                      | (136,369)                  | (277,505)                     | (316,907)                     | (5,610)              | (483,607)                         | (2,451,432)   |
| Total non-operating revenues (expenses)   | (171,648)                      | (136,369)                  | (277,505)                     | (316,907)                     | (121,538)            | (488,912)                         | 1,157,969     |
| Changes in net assets without donor restrictions  | \$ (231,893)                   | \$ (214,732)               | \$ (361,772)                  | \$ (433,741)                  | \$ 770,254           | \$ (904,900)                      | \$ 2,500,511  |

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statements of Changes in Net Assets - Rental Properties  
For the Years Ended December 31, 2019 and 2018

|                                      | <u>Pierce<br/>Properties LP</u> | <u>Geneva<br/>Apartments<br/>LLC</u> | <u>DB<br/>Uphams LP</u> | <u>Glendale<br/>Associates LP</u> | <u>Dudley<br/>Village North<br/>Commercial,<br/>LLC</u> | <u>DB<br/>618 Dudley<br/>Street, LLC</u> | <u>DB<br/>555 Dudley<br/>Street, LLC</u> | <u>Wilder<br/>Gardens LP</u> | <u>Ceylon<br/>Field LP</u> | <u>Dudley<br/>Terrace LP</u> | <u>Pearl<br/>Companies</u> | <u>150<br/>Magnolia LP</u> |
|--------------------------------------|---------------------------------|--------------------------------------|-------------------------|-----------------------------------|---|--|--|------------------------------|----------------------------|------------------------------|----------------------------|----------------------------|
| <b>Net Assets, December 31, 2017</b> | \$ 349,961                      | \$ 679,024                           | \$ (1,710,925)          | \$ 1,195,909                      | \$ 437,197  | \$ 25,694                                | \$ 339,475                               | \$ 3,918,500                 | \$ 388,359                 | \$ (5,292,630)               | \$ 1,712,703               | \$ (1,187,269)             |
| Changes in net assets                | (73,584)                        | 559,891                              | (200,089)               | 244,140                           | 17,454  | 20,623                                   | (96,992)                                 | 283,402                      | 258,731                    | 3,691,970                    | (586,947)                  | (241,304)                  |
| Capital contributions                | -                               | -                                    | -                       | -                                 | -   | -  | -  | -                            | -                          | -                            | -                          | -                          |
| Distributions                        | -                               | -                                    | -                       | -                                 | -   | -  | -  | (556,460)                    | -                          | -                            | -                          | -                          |
| <b>Net Assets, December 31, 2018</b> | 276,377                         | 1,238,915                            | (1,911,014)             | 1,440,049                         | 454,651   | 46,317                                   | 242,483                                  | 3,645,442                    | 647,090                    | (1,600,660)                  | 1,125,756                  | (1,428,573)                |
| Changes in net assets                | (66,159)                        | 351,236                              | 61,587                  | 238,191                           | 30,413  | 16,992                                   | (112,005)                                | 291,714                      | 491,374                    | (470,052)                    | (449,651)                  | (308,209)                  |
| Capital contributions                | -                               | -                                    | -                       | -                                 | -   | -  | -  | -                            | -                          | -                            | -                          | -                          |
| Distributions                        | -                               | -                                    | -                       | -                                 | -   | -  | -  | (557,503)                    | -                          | -                            | -                          | -                          |
| <b>Net Assets, December 31, 2019</b> | <u>\$ 210,218</u>               | <u>\$ 1,590,151</u>                  | <u>\$ (1,849,427)</u>   | <u>\$ 1,678,240</u>               | <u>\$ 485,064</u>                                       | <u>\$ 63,309</u>                         | <u>\$ 130,478</u>                        | <u>\$ 3,379,653</u>          | <u>\$ 1,138,464</u>        | <u>\$ (2,070,712)</u>        | <u>\$ 676,105</u>          | <u>\$ (1,736,782)</u>      |



## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statements of Changes in Net Assets - Rental Properties - Continued  
 For the Years Ended December 31, 2019 and 2018

|                                      | <b>Brunswick<br/>Holborn<br/>Two LP</b> | <b>Columbia<br/>Wood<br/>Two LP</b> | <b>Dudley<br/>Village<br/>North LP</b> | <b>Dudley<br/>Village<br/>South LP</b> | <b>Quincy<br/>Heights LP</b> | <b>Cottage<br/>Brook<br/>Apartments LP</b> | <b>Total</b>         |
|--------------------------------------|---|-------------------------------------|--|--|------------------------------|--|----------------------|
| <b>Net Assets, December 31, 2017</b> | \$ 2,153,434                            | \$ 2,737,062                        | \$ 574,853                             | \$ 197,966                             | \$ 20,119,609                | \$ 888,592                                 | \$ 27,527,514        |
| Changes in net assets                | (231,893)                               | (214,732)                           | (361,772)                              | (433,741)                              | 770,254                      | (904,900)                                  | 2,500,511            |
| Capital contributions                | -                                       | -                                   | -                                      | 89,779                                 | -                            | 16,740,180                                 | 16,829,959           |
| Distributions                        | -                                       | -                                   | -                                      | -                                      | (670,592)                    | -  | (1,227,052)          |
| <b>Net Assets, December 31, 2018</b> | 1,921,541                               | 2,522,330                           | 213,081                                | (145,996)                              | 20,219,271                   | 16,723,872                                 | 45,630,932           |
| Changes in net assets                | (165,478)                               | (170,478)                           | (364,566)                              | (476,462)                              | 873,489                      | (649,995)                                  | (878,059)            |
| Capital contributions                | -                                       | -                                   | -                                      | -                                      | -                            | 2,257,950                                  | 2,257,950            |
| Distributions                        | -                                       | -                                   | -                                      | -                                      | (746,872)                    | -  | (1,304,375)          |
| <b>Net Assets, December 31, 2019</b> | <u>\$ 1,756,063</u>                     | <u>\$ 2,351,852</u>                 | <u>\$ (151,485)</u>                    | <u>\$ (622,458)</u>                    | <u>\$ 20,345,888</u>         | <u>\$ 18,331,827</u>                       | <u>\$ 45,706,448</u> |

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Loan Programs  
December 31, 2019

| Assets  | Loan Programs |              |            |              |
|---|---------------|--------------|------------|--------------|
|   | DBEDC         | DBNLF        | BHSC       | Total        |
| <b>Current Assets:</b>  |               |              |            |              |
| Cash and cash equivalents   | \$ -          | \$ 43,122    | \$ 1,776   | \$ 44,898    |
| Grants receivable   | -             | 184,346      | -          | 184,346      |
| Current portion of notes and interest receivable                              | -             | 147,393      | 25,776     | 173,169      |
| Total current assets  | -             | 374,861      | 27,552     | 402,413      |
| <b>Other Assets:</b>  |               |              |            |              |
| Escrows and restricted deposits   | -             | 669,097      | 308,645    | 977,742      |
| Notes and interest receivable, net of current portion and loan loss allowance | -             | 290,539      | 190,077    | 480,616      |
| Total other assets  | -             | 959,636      | 498,722    | 1,458,358    |
| Total assets  | \$ -          | \$ 1,334,497 | \$ 526,274 | \$ 1,860,771 |
| <b>Liabilities and Net Assets</b>   |               |              |            |              |
| <b>Current Liabilities:</b>   |               |              |            |              |
| Current portion of notes payable  | \$ -          | \$ 89,216    | \$ -       | \$ 89,216    |
| <b>Long-term Liabilities:</b>   |               |              |            |              |
| Notes payable, net of current portion and unamortized debt issuance costs     | -             | 324,689      | -          | 324,689      |
| Contingent Debt and Deferred Interest   | 8,800         | 45,000       | -          | 53,800       |
| Total liabilities   | 8,800         | 458,905      | -          | 467,705      |
| <b>Net Assets:</b>  |               |              |            |              |
| <b>Without donor restrictions:</b>  |               |              |            |              |
| Operating   | (8,800)       | (130,179)    | (30,213)   | (169,192)    |
| With donor restrictions   | -             | 1,005,771    | 556,487    | 1,562,258    |
| Total net assets  | (8,800)       | 875,592      | 526,274    | 1,393,066    |
| Total liabilities and net assets  | \$ -          | \$ 1,334,497 | \$ 526,274 | \$ 1,860,771 |

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Loan Programs  
December 31, 2018

| Assets  | Loan Programs |              |            |              |
|---|---------------|--------------|------------|--------------|
|   | DBEDC         | DBNLF        | BHSC       | Total        |
| Current Assets:   |               |              |            |              |
| Cash and cash equivalents   | \$ -          | \$ 43,122    | \$ 1,776   | \$ 44,898    |
| Grants receivable   | -             | 14,311       | -          | 14,311       |
| Current portion of notes and interest receivable                              | -             | 110,688      | 60,666     | 171,354      |
| Prepaid expenses and other current assets                                     | -             | -            | 1,210      | 1,210        |
| Total current assets  | -             | 168,121      | 63,652     | 231,773      |
| Other Assets:   |               |              |            |              |
| Escrows and restricted deposits   | -             | 875,351      | 281,621    | 1,156,972    |
| Notes and interest receivable, net of current portion and loan loss allowance | -             | 305,312      | 164,006    | 469,318      |
| Due from affiliates, net of valuation allowance                               | 56,016        | (46,016)     | -          | 10,000       |
| Total other assets  | 56,016        | 1,134,647    | 445,627    | 1,636,290    |
| Property and Equipment:   |               |              |            |              |
| Furniture, fixtures and equipment   | -             | 17,163       | -          | 17,163       |
| Less - accumulated depreciation   | -             | 3,611        | -          | 3,611        |
| Net property and equipment  | -             | 13,552       | -          | 13,552       |
| Total assets  | \$ 56,016     | \$ 1,316,320 | \$ 509,279 | \$ 1,881,615 |
| <b>Liabilities and Net Assets</b>   |               |              |            |              |
| Current Liabilities:  |               |              |            |              |
| Current portion of notes payable  | \$ -          | \$ 104,948   | \$ -       | \$ 104,948   |
| Accounts payable and accrued expenses   | -             | 14,439       | 128        | 14,567       |
| Total current liabilities   | -             | 119,387      | 128        | 119,515      |
| Long-term Liabilities:  |               |              |            |              |
| Notes payable, net of current portion and unamortized debt issuance costs     | -             | 401,470      | -          | 401,470      |
| Contingent Debt and Deferred Interest   | 8,800         | 45,000       | -          | 53,800       |
| Total liabilities   | 8,800         | 565,857      | 128        | 574,785      |
| Net Assets:   |               |              |            |              |
| Without donor restrictions:   |               |              |            |              |
| Operating   | 47,216        | (153,860)    | (26,903)   | (133,547)    |
| Property and equipment  | -             | 13,552       | -          | 13,552       |
| Total without donor restrictions  | 47,216        | (140,308)    | (26,903)   | (119,995)    |
| With donor restrictions   | -             | 890,771      | 536,054    | 1,426,825    |
| Total net assets  | 47,216        | 750,463      | 509,151    | 1,306,830    |
| Total liabilities and net assets  | \$ 56,016     | \$ 1,316,320 | \$ 509,279 | \$ 1,881,615 |

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Activities - Loan Programs  
For the Year Ended December 31, 2019

|   | Loan Programs |              |           |              |
|---|---------------|--------------|-----------|--------------|
|   | DBEDC         | DBNLF        | BHSC      | Total        |
| <b>Net Assets Without Donor Restrictions:</b>                       |               |              |           |              |
| Operating revenues:   |               |              |           |              |
| Support:  |               |              |           |              |
| Grants, contracts and contributions                                 | \$ -          | \$ 316,116   | \$ -      | \$ 316,116   |
| Fee income and other:   |               |              |           |              |
| Interest income and other   | -             | 30,594       | -         | 30,594       |
| Resident and program service fees                                   | -             | 21,833       | -         | 21,833       |
| Total fee income and other  | -             | 52,427       | -         | 52,427       |
| Total operating revenues  | -             | 368,543      | -         | 368,543      |
| Operating expenses:   |               |              |           |              |
| Loan Programs   | 3,130         | 718,519      | 3,310     | 724,959      |
| General and Administrative  | 180,649       | -            | -         | 180,649      |
| Total operating expenses  | 183,779       | 718,519      | 3,310     | 905,608      |
| Changes in net assets without donor restrictions<br>from operations | (183,779)     | (349,976)    | (3,310)   | (537,065)    |
| Non-operating expense:  |               |              |           |              |
| Loss on sale of property  | -             | (13,551)     | -         | (13,551)     |
| Changes in net assets without donor restrictions                    | (183,779)     | (363,527)    | (3,310)   | (550,616)    |
| <b>Net Assets With Donor Restrictions:</b>                          |               |              |           |              |
| Grants  | -             | 115,000      | -         | 115,000      |
| Mortgage loan and bank interest                                     | -             | -            | 20,433    | 20,433       |
| Changes in net assets with donor restrictions                       | -             | 115,000      | 20,433    | 135,433      |
| Changes in net assets   | \$ (183,779)  | \$ (248,527) | \$ 17,123 | \$ (415,183) |

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Activities - Loan Programs  
For the Year Ended December 31, 2018

|   | Loan Programs |             |           |              |
|---|---------------|-------------|-----------|--------------|
|   | DBEDC         | DBNLF       | BHSC      | Total        |
| <b>Net Assets Without Donor Restrictions:</b>   |               |             |           |              |
| Operating revenues:   |               |             |           |              |
| Support:  |               |             |           |              |
| Grants, contracts and contributions   | \$ -          | \$ 367,611  | \$ -      | \$ 367,611   |
| Net assets released from purpose restrictions   | -             | -           | -         | -            |
| Total support   | -             | 367,611     | -         | 367,611      |
| Fee income and other:   |               |             |           |              |
| Interest income and other   | -             | 29,350      | -         | 29,350       |
| Resident and program service fees   | -             | 6,043       | -         | 6,043        |
| Total fee income and other  | -             | 35,393      | -         | 35,393       |
| Total operating revenues  | -             | 403,004     | -         | 403,004      |
| Operating expenses:   |               |             |           |              |
| Loan Programs   | 53,938        | 487,211     | 1,862     | 543,011      |
| General and Administrative  | 160,895       | -           | -         | 160,895      |
| Total operating expenses  | 214,833       | 487,211     | 1,862     | 703,906      |
| Changes in net assets without donor restrictions from operations before depreciation and amortization | (214,833)     | (84,207)    | (1,862)   | (300,902)    |
| Depreciation and amortization   | -             | 3,333       | -         | 3,333        |
| Changes in net assets without donor restrictions from operations                                      | (214,833)     | (87,540)    | (1,862)   | (304,235)    |
| <b>Net Assets With Donor Restrictions:</b>  |               |             |           |              |
| Grants  | -             | 12,256      | -         | 12,256       |
| Mortgage loan and bank interest   | -             | -           | 13,844    | 13,844       |
| Changes in net assets with donor restrictions   | -             | 12,256      | 13,844    | 26,100       |
| Changes in net assets   | \$ (214,833)  | \$ (75,284) | \$ 11,982 | \$ (278,135) |

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statements of Changes in Net Assets - Loan Programs  
For the Years Ended December 31, 2019 and 2018

|                                      | Loan Programs     |                   |                   | Total               |
|--------------------------------------|-------------------|-------------------|-------------------|---------------------|
|                                      | DBEDC             | DBNLF             | BHSC              |                     |
| <b>Net Assets, December 31, 2017</b> | \$ 63,748         | \$ 718,736        | \$ 497,169        | \$ 1,279,653        |
| Changes in net assets                | (214,833)         | (75,284)          | 11,982            | (278,135)           |
| Net asset transfers                  | 198,301           | 107,011           | -                 | 305,312             |
| <b>Net Assets, December 31, 2018</b> | 47,216            | 750,463           | 509,151           | 1,306,830           |
| Changes in net assets                | (183,779)         | (248,527)         | 17,123            | (415,183)           |
| Net asset transfers                  | 127,763           | 373,656           | -                 | 501,419             |
| <b>Net Assets, December 31, 2019</b> | <u>\$ (8,800)</u> | <u>\$ 875,592</u> | <u>\$ 526,274</u> | <u>\$ 1,393,066</u> |