



AND AFFILIATES

**CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Contents
December 31, 2020 and 2019

	<u>Pages</u>
Independent Auditor's Report	1 - 1A
Consolidating Financial Statements:	
Consolidating Statements of Financial Position	2 - 3
Consolidating Statements of Activities	4 - 5
Consolidating Statements of Changes in Net Assets	6
Consolidating Statements of Cash Flows	7 - 8
Consolidating Statements of Functional Expenses	9 - 10
Notes to Consolidating Financial Statements	11 - 51
Supplementary Information:	
Supplementary Consolidating Statements of Financial Position - Rental Properties (Exhibit A) .	52 - 55
Supplementary Consolidating Statements of Activities - Rental Properties (Exhibit B)	56 - 59
Supplementary Consolidating Statements of Changes in Net Assets - Rental Properties (Exhibit C)	60 - 61
Supplementary Consolidating Statements of Financial Position - Loan Programs (Exhibit D)	62
Supplementary Consolidating Statements of Activities - Loan Programs (Exhibit E)	63
Supplementary Consolidating Statements of Changes in Net Assets - Loan Programs (Exhibit F)	64



50 Washington Street
Westborough, MA 01581
508.366.9100
aafcpa.com

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, 2020 and 2019, 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 63% and 72% of the consolidated total assets at December 31, 2020 and 2019, respectively. 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, 2020 and 2019, 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 52 through 64 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. During 2020, the information related to Pierce Properties Limited Partnership, DB 618 Dudley Street, LLC, Dudley Village North Commercial LLC, Dudley Terrace Limited Partnership, 150 Magnolia Limited Partnership, DB 555 Dudley Street, LLC, 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.

During 2019, the information related to Pierce Properties Limited Partnership, DB 618 Dudley Street LLC, Dudley Village North Commercial LLC 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 LLC, Dudley Terrace Limited Partnership, 150 Magnolia Limited Partnership, DB 555 Dudley Street, LLC, and Pearl Companies, during 2020, is based on the reports of other auditors, is fairly stated in all material respects to the consolidating financial statements as a whole.

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 LLC, Dudley Terrace Limited Partnership and Pearl Companies, during 2019, 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
June 16, 2021

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Consolidating Statement of Financial Position
December 31, 2020
(With Summarized Comparative Totals as of December 31, 2019)

Assets	2020						2019	
	Dorchester Bay						Total	Total
	Operating	Loan Programs (Exhibit D)	Project Development	Total Dorchester Bay	Rental (Exhibit A)	Eliminations		
Current Assets:								
Cash and cash equivalents	\$ 3,937,003	\$ 43,122	\$ 693,053	\$ 4,673,178	\$ 10,813,163	\$ -	\$ 15,486,341	\$ 12,564,265
Grants receivable	18,600	94,366	-	112,966	-	-	112,966	196,252
Tenant and other receivables, net of allowance for doubtful accounts	22,498	-	5,385	27,883	573,152	-	601,035	454,311
Current portion of escrows and restricted deposits	-	-	-	-	581,753	-	581,753	665,530
Current portion of due from affiliates, net of valuation allowance	43,082	-	678,946	722,028	192,843	(914,871)	-	-
Current portion of notes and interest receivable	-	239,161	-	239,161	-	-	239,161	173,169
Notes and interest receivable from related parties	-	-	1,824,112	1,824,112	-	(1,824,112)	-	-
Prepaid expenses and other current assets	40,311	-	64,350	104,661	701,435	-	806,096	669,897
Total current assets	4,061,494	376,649	3,265,846	7,703,989	12,862,346	(2,738,983)	17,827,352	14,723,424
Other Assets:								
Escrows and restricted deposits, net of current portion	1,500,000	1,157,633	7,067,638	9,725,271	10,502,379	-	20,227,650	21,847,184
Notes and interest receivable, net of current portion and loan loss allowance	-	157,641	7,221,724	7,379,365	9,795,800	-	17,175,165	17,498,140
Deferred rental revenue	-	-	-	-	39,168	-	39,168	188,061
Projects under development	-	-	26,327,561	26,327,561	4,041,407	(131,046)	30,237,922	9,457,714
Due from affiliates, net of current portion and valuation allowance	-	-	1,819,215	1,819,215	-	(1,819,215)	-	-
Capitalized costs, net	-	-	-	-	264,672	-	264,672	285,002
Total other assets	1,500,000	1,315,274	42,436,138	45,251,412	24,643,426	(1,950,261)	67,944,577	49,276,101
Property and Equipment:								
Land and land improvements	-	-	8,659,120	8,659,120	11,479,593	-	20,138,713	19,644,886
Buildings and improvements	132,549	-	160,980	293,529	219,345,770	(16,896,315)	202,742,984	207,032,637
Furniture, fixtures and equipment	214,491	-	-	214,491	5,832,641	-	6,047,132	5,948,198
	347,040	-	8,820,100	9,167,140	236,658,004	(16,896,315)	228,928,829	232,625,721
Less - accumulated depreciation	284,585	-	80,687	365,272	69,297,799	(1,649,434)	68,013,637	67,619,775
Net property and equipment	62,455	-	8,739,413	8,801,868	167,360,205	(15,246,881)	160,915,192	165,005,946
Total assets	\$ 5,623,949	\$ 1,691,923	\$ 54,441,397	\$ 61,757,269	\$ 204,865,977	\$ (19,936,125)	\$ 246,687,121	\$ 229,005,471
Liabilities, Net Assets and Non-Controlling Interests								
Current Liabilities:								
Current portion of notes payable	\$ 270,000	\$ 93,303	\$ 361,672	\$ 724,975	\$ 2,759,947	\$ (5,092)	\$ 3,479,830	\$ 4,449,034
Current portion of contingent debt and deferred interest	-	-	274,991	274,991	5,827,205	(1,824,112)	4,278,084	2,369,929
Current portion of due to affiliates	-	-	192,843	192,843	722,028	(914,871)	-	-
Current portion of accounts payable and accrued expenses	196,540	-	72,047	268,587	3,758,470	-	4,027,057	2,305,164
Total current liabilities	466,540	93,303	901,553	1,461,396	13,067,650	(2,744,075)	11,784,971	9,124,127
Long-term Liabilities:								
Accounts payable and accrued expenses, net of current portion	-	-	4,694,675	4,694,675	226,403	(352,628)	4,568,450	1,618,493
Notes payable, net of current portion and unamortized debt issuance costs	460,600	522,380	27,956,312	28,939,292	70,377,880	(406,801)	98,910,371	94,734,803
Due to affiliates, net of current portion	-	-	696,316	696,316	3,674,546	(4,370,862)	-	-
Total long-term liabilities	460,600	522,380	33,347,303	34,330,283	74,278,829	(5,130,291)	103,478,821	96,353,296
Contingent Debt and Deferred Interest, net of current portion	-	53,800	8,598,124	8,651,924	70,702,370	(30,751,101)	48,603,193	43,398,390
Total liabilities	927,140	669,483	42,846,980	44,443,603	158,048,849	(38,625,467)	163,866,985	148,875,813
Net Assets and Non-Controlling Interests:								
Without donor restrictions:								
Operating	2,599,292	72,383	2,474,047	5,145,722	11,458,793	-	16,604,515	17,465,525
Development	1,500,000	-	8,593,461	10,093,461	(330,105)	-	9,763,356	7,805,678
Property and equipment	62,455	-	-	62,455	35,688,440	(25,783,952)	9,966,943	9,325,495
Board designated	360,062	-	-	360,062	-	-	360,062	360,227
Total without donor restrictions	4,521,809	72,383	11,067,508	15,661,700	46,817,128	(25,783,952)	36,694,876	34,956,925
With donor restrictions	175,000	950,057	526,909	1,651,966	-	-	1,651,966	1,102,718
Total Dorchester Bay's consolidated net assets	4,696,809	1,022,440	11,594,417	17,313,666	46,817,128	(25,783,952)	38,346,842	36,059,643
Non-controlling interests	-	-	-	-	-	44,473,294	44,473,294	44,070,015
Total net assets and non-controlling interests	4,696,809	1,022,440	11,594,417	17,313,666	46,817,128	18,689,342	82,820,136	80,129,658
Total liabilities, net assets and non-controlling interests	\$ 5,623,949	\$ 1,691,923	\$ 54,441,397	\$ 61,757,269	\$ 204,865,977	\$ (19,936,125)	\$ 246,687,121	\$ 229,005,471

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, 2019

Assets	Dorchester Bay						Total
	Operating	Loan Programs (Exhibit D)	Project Development	Total Dorchester Bay	Rental (Exhibit A)	Eliminations	
Current Assets:							
Cash and cash equivalents	\$ 2,655,970	\$ 44,898	\$ 477,217	\$ 3,178,085	\$ 9,386,180	\$ -	\$ 12,564,265
Grants receivable	11,906	184,346	-	196,252	-	-	196,252
Tenant and other receivables, net of allowance for doubtful accounts	2,603	-	41,517	44,120	410,191	-	454,311
Current portion of escrows and restricted deposits	-	-	-	-	665,530	-	665,530
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
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
Total current assets	2,868,535	402,413	3,159,373	6,430,321	11,127,767	(2,834,664)	14,723,424
Other Assets:							
Escrows and restricted deposits, net of current portion	-	977,742	10,223,648	11,201,390	10,645,794	-	21,847,184
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
Deferred rental revenue	-	-	-	-	188,061	-	188,061
Projects under development	-	-	8,208,033	8,208,033	1,249,681	-	9,457,714
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
Total other assets	326,007	1,458,358	27,394,370	29,178,735	22,164,338	(2,066,972)	49,276,101
Property and Equipment:							
Land and land improvements	-	-	8,659,120	8,659,120	10,985,766	-	19,644,886
Buildings and improvements	132,549	-	154,480	287,029	223,239,946	(16,494,338)	207,032,637
Furniture, fixtures and equipment	202,491	-	-	202,491	5,745,707	-	5,948,198
	335,040	-	8,813,600	9,148,640	239,971,419	(16,494,338)	232,625,721
Less - accumulated depreciation	257,800	-	71,019	328,819	68,528,032	(1,237,076)	67,619,775
Net property and equipment	77,240	-	8,742,581	8,819,821	171,443,387	(15,257,262)	165,005,946
Total assets	\$ 3,271,782	\$ 1,860,771	\$ 39,296,324	\$ 44,428,877	\$ 204,735,492	\$ (20,158,898)	\$ 229,005,471
Liabilities, Net Assets and Non-Controlling Interests							
Current Liabilities:							
Current portion of notes payable	\$ 200,000	\$ 89,216	\$ 2,028,010	\$ 2,317,226	\$ 2,136,758	\$ (4,950)	\$ 4,449,034
Current portion of contingent debt and deferred interest	-	-	274,991	274,991	4,421,946	(2,327,008)	2,369,929
Current portion of due to affiliates	-	-	195,234	195,234	312,422	(507,656)	-
Current portion of accounts payable and accrued expenses	197,539	-	192,080	389,619	2,112,152	(196,607)	2,305,164
Total current liabilities	397,539	89,216	2,690,315	3,177,070	8,983,278	(3,036,221)	9,124,127
Long-term Liabilities:							
Accounts payable and accrued expenses, net of current portion	-	-	1,618,493	1,618,493	-	-	1,618,493
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
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	25,699,260	26,093,949	75,398,206	(5,138,859)	96,353,296
Contingent Debt and Deferred Interest, net of current portion	-	53,800	-	53,800	74,647,560	(31,302,970)	43,398,390
Total liabilities	467,539	467,705	28,389,575	29,324,819	159,029,044	(39,478,050)	148,875,813
Net Assets and Non-Controlling Interests (As Restated):							
Without donor restrictions:							
Operating	2,366,776	529,028	2,469,579	5,365,383	12,100,142	-	17,465,525
Development	-	-	8,198,490	8,198,490	(392,812)	-	7,805,678
Property and equipment	77,240	-	-	77,240	33,999,118	(24,750,863)	9,325,495
Board designated	360,227	-	-	360,227	-	-	360,227
Total without donor restrictions	2,804,243	529,028	10,668,069	14,001,340	45,706,448	(24,750,863)	34,956,925
With donor restrictions	-	864,038	238,680	1,102,718	-	-	1,102,718
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
Non-controlling interests							
Total net assets and non-controlling interests	2,804,243	1,393,066	10,906,749	15,104,058	45,706,448	19,319,152	80,129,658
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

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, 2020
 (With Summarized Comparative Totals for the Year Ended December 31, 2019)

	2020						2019
	Dorchester Bay						Total
	Operating	Loan Programs (Exhibit E)	Project Development	Total Dorchester Bay	Rental (Exhibit B)	Eliminations	Total
Net Assets Without Donor Restrictions:							
Operating revenues:							
Support:							
Grants, contracts and contributions	\$ 76,900	\$ 271,537	\$ 118,340	\$ 466,777	\$ -	\$ -	\$ 466,777
Special event	237,394	-	-	237,394	-	-	237,394
Net assets released from purpose restrictions	-	220,447	120,356	340,803	-	-	340,803
Total support	314,294	491,984	238,696	1,044,974	-	-	1,044,974
Fee income and other:							
Rental income, net	46,213	-	29,544	75,757	25,122,108	(56,684)	25,141,181
Interest income and other	14,303	44,779	1,506,638	1,565,720	301,831	(1,141,144)	726,407
Developer fees	-	-	715,340	715,340	-	(401,977)	313,363
Resident and program service fees	3,322,319	18,267	27,878	3,368,464	-	(3,345,197)	23,267
Total fee income and other	3,382,835	63,046	2,279,400	5,725,281	25,423,939	(4,945,002)	26,204,218
Total operating revenues	3,697,129	555,030	2,518,096	6,770,255	25,423,939	(4,945,002)	27,249,192
Operating expenses:							
Community Services	670,594	-	-	670,594	-	-	670,594
Asset Management	208,987	-	-	208,987	-	-	208,987
Loan Programs	-	1,086,200	-	1,086,200	-	-	1,086,200
Project Development	-	-	1,825,209	1,825,209	-	-	1,825,209
Rental	-	-	-	-	15,121,254	(735,083)	14,386,171
General and Administrative	239,998	329,452	556,531	1,125,981	-	(56,684)	1,069,297
Fundraising	375,678	-	-	375,678	-	-	375,678
Total operating expenses	1,495,257	1,415,652	2,381,740	5,292,649	15,121,254	(791,767)	19,622,136
Changes in net assets without donor restrictions from operations before depreciation and amortization	2,201,872	(860,622)	136,356	1,477,606	10,302,685	(4,153,235)	7,627,056
Depreciation and amortization	26,785	-	9,668	36,453	6,785,422	(412,358)	6,409,517
Changes in net assets without donor restrictions from operations	2,175,087	(860,622)	126,688	1,441,153	3,517,263	(3,740,877)	1,217,539
Non-operating revenues (expenses):							
Forgiveness of debt	-	-	-	-	1,625,581	-	1,625,581
Capital grants	-	-	150,000	150,000	185,860	-	335,860
Forgiveness of related party advances	-	-	286,537	286,537	101,153	(387,690)	-
Donated land	-	-	-	-	-	-	7,565,563
Recovery of notes receivable and due from affiliates	-	-	706,872	706,872	-	(706,872)	-
Amounts invested in projects under development	-	-	(924,202)	(924,202)	-	924,202	-
Loss on disposal of capital costs	-	-	-	-	-	-	(23,290)
Insurance gains (losses)	-	-	-	-	(25,000)	-	(25,000)
Incentive and supplemental management fees	-	-	-	-	(615,445)	575,380	(40,065)
Deferred interest	-	-	-	-	(2,368,267)	1,243,709	(1,124,558)
Total non-operating revenues (expenses)	-	-	219,207	219,207	(1,096,118)	1,648,729	771,818
Changes in net assets without donor restrictions	2,175,087	(860,622)	345,895	1,660,360	2,421,145	(2,092,148)	1,989,357
Net Assets With Donor Restrictions:							
Grants	175,000	293,811	408,585	877,396	-	-	877,396
Mortgage loan and bank interest	-	12,655	-	12,655	-	-	12,655
Net assets released from restrictions	-	(220,447)	(120,356)	(340,803)	-	-	(340,803)
Changes in net assets with donor restrictions	175,000	86,019	288,229	549,248	-	-	549,248
Changes in net assets	2,350,087	(774,603)	634,124	2,209,608	2,421,145	(2,092,148)	2,538,605
Changes in Net Assets Attributable to Non-Controlling Interests	-	-	-	-	(114,688)	-	(114,688)
Changes in net assets attributable to Dorchester Bay	\$ 2,350,087	\$ (774,603)	\$ 634,124	\$ 2,209,608	\$ 2,306,457	\$ (2,092,148)	\$ 2,423,917
							\$ 7,558,016

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

	Dorchester Bay						Total
	Operating	Loan Programs (Exhibit E)	Project Development	Total Dorchester Bay	Rental (Exhibit B)	Eliminations	
Net Assets Without Donor Restrictions:							
Operating revenues:							
Support:							
Grants, contracts and contributions	\$ 34,817	\$ 316,116	\$ 161,489	\$ 512,422	\$ -	\$ -	\$ 512,422
Special event	280,897	-	-	280,897	-	-	280,897
Net assets released from purpose restrictions	100,000	-	153,200	253,200	-	-	253,200
Total support	<u>415,714</u>	<u>316,116</u>	<u>314,689</u>	<u>1,046,519</u>	<u>-</u>	<u>-</u>	<u>1,046,519</u>
Fee income and other:							
Rental income, net	43,145	-	38,310	81,455	23,576,616	(56,089)	23,601,982
Interest income and other	6,670	30,594	798,224	835,488	488,424	(777,307)	546,605
Developer fees	-	-	595,987	595,987	-	-	595,987
Resident and program service fees	2,177,616	21,833	9,127	2,208,576	-	(2,186,413)	22,163
Total fee income and other	<u>2,227,431</u>	<u>52,427</u>	<u>1,441,648</u>	<u>3,721,506</u>	<u>24,065,040</u>	<u>(3,019,809)</u>	<u>24,766,737</u>
Total operating revenues	<u>2,643,145</u>	<u>368,543</u>	<u>1,756,337</u>	<u>4,768,025</u>	<u>24,065,040</u>	<u>(3,019,809)</u>	<u>25,813,256</u>
Operating expenses:							
Community Services	619,898	-	-	619,898	-	-	619,898
Asset Management	372,168	-	-	372,168	-	-	372,168
Loan Programs	-	724,959	-	724,959	-	-	724,959
Project Development	-	-	1,867,452	1,867,452	-	-	1,867,452
Rental	-	-	-	-	15,033,664	(1,073,727)	13,959,937
General and Administrative	216,207	180,649	468,134	864,990	-	(56,089)	808,901
Fundraising	530,266	-	-	530,266	-	-	530,266
Total operating expenses	<u>1,738,539</u>	<u>905,608</u>	<u>2,335,586</u>	<u>4,979,733</u>	<u>15,033,664</u>	<u>(1,129,816)</u>	<u>18,883,581</u>
Changes in net assets without donor restrictions from operations before depreciation and amortization	904,606	(537,065)	(579,249)	(211,708)	9,031,376	(1,889,993)	6,929,675
Depreciation and amortization	31,001	-	11,205	42,206	6,860,813	(412,359)	6,490,660
Changes in net assets without donor restrictions from operations	<u>873,605</u>	<u>(537,065)</u>	<u>(590,454)</u>	<u>(253,914)</u>	<u>2,170,563</u>	<u>(1,477,634)</u>	<u>439,015</u>
Non-operating revenues (expenses):							
Donated land	-	-	7,565,563	7,565,563	-	-	7,565,563
Recovery of notes receivable and due from affiliates	-	-	1,477,766	1,477,766	-	(1,477,766)	-
Gain (loss) on disposal of capital costs	20,761	(13,551)	(30,500)	(23,290)	-	-	(23,290)
Insurance gains	-	-	-	-	23,676	-	23,676
Incentive and supplemental management fees	-	-	-	-	(636,724)	579,601	(57,123)
Deferred interest	-	-	-	-	(2,435,574)	1,220,103	(1,215,471)
Total non-operating revenues (expenses)	<u>20,761</u>	<u>(13,551)</u>	<u>9,012,829</u>	<u>9,020,039</u>	<u>(3,048,622)</u>	<u>321,938</u>	<u>6,293,355</u>
Changes in net assets without donor restrictions	<u>894,366</u>	<u>(550,616)</u>	<u>8,422,375</u>	<u>8,766,125</u>	<u>(878,059)</u>	<u>(1,155,696)</u>	<u>6,732,370</u>
Net Assets With Donor Restrictions:							
Grants	-	115,000	162,125	277,125	-	-	277,125
Mortgage loan and bank interest	-	20,433	-	20,433	-	-	20,433
Net assets released from restrictions	(100,000)	-	(153,200)	(253,200)	-	-	(253,200)
Changes in net assets with donor restrictions	<u>(100,000)</u>	<u>135,433</u>	<u>8,925</u>	<u>44,358</u>	<u>-</u>	<u>-</u>	<u>44,358</u>
Changes in net assets	794,366	(415,183)	8,431,300	8,810,483	(878,059)	(1,155,696)	6,776,728
Changes in Net Assets Attributable to Non-Controlling Interests	-	-	-	-	781,288	-	781,288
Changes in net assets attributable to Dorchester Bay	<u>\$ 794,366</u>	<u>\$ (415,183)</u>	<u>\$ 8,431,300</u>	<u>\$ 8,810,483</u>	<u>\$ (96,771)</u>	<u>\$ (1,155,696)</u>	<u>\$ 7,558,016</u>

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, 2020 and 2019

	Dorchester Bay				Rental (Exhibit C)	Eliminations	Non- Controlling Interest	Total
	Operating	Loan Programs (Exhibit F)	Project Development	Total Dorchester Bay				
Net Assets, December 31, 2018, as restated	\$ 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)	-	-	-	-	-
Net Assets, December 31, 2019, as restated	2,804,243	1,393,066	10,906,749	15,104,058	45,706,448	(24,750,863)	44,070,015	80,129,658
Changes in net assets	2,350,087	(774,603)	634,124	2,209,608	2,421,145	(2,206,836)	114,688	2,538,605
Capital contributions	-	-	-	-	474,204	(474,204)	474,204	474,204
Distributions	-	-	-	-	(1,542,896)	1,542,896	(176,788)	(176,788)
Syndication costs	-	-	-	-	(8,825)	8,825	(8,825)	(8,825)
Syndication of Dudley Terrace Apartments LLC	-	-	-	-	(232,948)	96,230	-	(136,718)
Net asset transfers	(457,521)	403,977	53,544	-	-	-	-	-
Net Assets, December 31, 2020	<u>\$ 4,696,809</u>	<u>\$ 1,022,440</u>	<u>\$ 11,594,417</u>	<u>\$ 17,313,666</u>	<u>\$ 46,817,128</u>	<u>\$ (25,783,952)</u>	<u>\$ 44,473,294</u>	<u>\$ 82,820,136</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Consolidating Statement of Cash Flows
For the Year Ended December 31, 2020

	<u>Dorchester Bay</u>	<u>Rental</u>	<u>Eliminations</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Changes in net assets	\$ 2,209,608	\$ 2,421,145	\$ (2,092,148)	\$ 2,538,605
Adjustments to reconcile changes in net assets to net cash provided by operating activities:				
Depreciation and amortization	36,453	6,785,422	(412,358)	6,409,517
Amortization charged as interest expense	7,066	153,690	-	160,756
Bad debts	593,887	452,743	(210,420)	836,210
Capital grants	(150,000)	(185,860)	-	(335,860)
Forgiveness of related party advances	(286,537)	(101,153)	387,690	-
Recovery of notes receivable and due from affiliates	(706,872)	-	706,872	-
Deferred interest	-	2,368,267	(1,243,709)	1,124,558
Forgiveness of debt	-	(1,625,581)	-	(1,625,581)
Change in discount on notes payable	-	20,921	-	20,921
Changes in operating assets and liabilities:				
Grants receivable	83,826	-	-	83,826
Tenant and other receivables	16,237	(615,704)	-	(599,467)
Due from affiliates	(259,070)	2,391	256,679	-
Deferred rental revenue	-	148,893	-	148,893
Prepaid expenses and other current assets	94,604	(230,803)	-	(136,199)
Due to affiliates	(473,522)	625,776	(152,254)	-
Accounts payable and accrued expenses	52,306	1,872,721	(156,021)	1,769,006
Net cash provided by operating activities	<u>1,217,986</u>	<u>12,092,868</u>	<u>(2,915,669)</u>	<u>10,395,185</u>
Cash Flows from Investing Activities:				
Cash paid for debt issuance costs	(35,715)	(49,522)	-	(85,237)
Capitalized costs	-	(4,544)	-	(4,544)
Net increase in notes and interest receivable	(126,484)	-	-	(126,484)
Capital grants	150,000	185,860	-	335,860
Payments on notes and interest receivable to related parties	1,209,768	-	(1,209,768)	-
Purchase of property and equipment	(18,500)	(2,677,366)	401,977	(2,293,889)
Net increase in projects under development	(15,043,886)	(2,791,726)	-	(17,835,612)
Net cash used in investing activities	<u>(13,864,817)</u>	<u>(5,337,298)</u>	<u>(807,791)</u>	<u>(20,009,906)</u>
Cash Flows from Financing Activities:				
Capital contributions	-	474,204	-	474,204
Distributions	-	(1,542,896)	1,366,108	(176,788)
Proceeds from notes payable	5,016,138	2,634,051	-	7,650,189
Syndication of Dudley Terrace Apartments LLC	-	(232,948)	96,230	(136,718)
Syndication costs	-	(8,825)	-	(8,825)
Principal payments on notes payable	(948,457)	(3,596,748)	4,940	(4,540,265)
Proceeds from contingent debt	-	735,044	-	735,044
Proceeds from (payments on) contingent debt and deferred interest	8,598,124	(4,017,661)	2,256,182	6,836,645
Net cash provided by (used in) financing activities	<u>12,665,805</u>	<u>(5,555,779)</u>	<u>3,723,460</u>	<u>10,833,486</u>
Net Change in Cash, Cash Equivalents and Restricted Cash	18,974	1,199,791	-	1,218,765
Cash, Cash Equivalents and Restricted Cash:				
Beginning of year	14,379,475	20,697,504	-	35,076,979
End of year	<u>\$ 14,398,449</u>	<u>\$ 21,897,295</u>	<u>\$ -</u>	<u>\$ 36,295,744</u>
Supplemental Disclosures of Cash Flow Information:				
Cash paid for interest	<u>\$ 505,444</u>	<u>\$ 2,449,460</u>	<u>\$ (35,828)</u>	<u>\$ 2,919,076</u>
Supplemental Disclosure of Non-cash Transactions:				
Projects under development funded through construction payables	<u>\$ 4,694,675</u>	<u>\$ -</u>	<u>\$ (131,046)</u>	<u>\$ 4,563,629</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Consolidating Statement of Financial Position:				
Cash and cash equivalents	\$ 4,673,178	\$ 10,813,163	\$ -	\$ 15,486,341
Current portion of escrows and restricted deposits	-	581,753	-	581,753
Escrows and restricted deposits, net of current portion	9,725,271	10,502,379	-	20,227,650
Total cash, cash equivalents and restricted cash shown in the consolidating statement of cash flows	<u>\$ 14,398,449</u>	<u>\$ 21,897,295</u>	<u>\$ -</u>	<u>\$ 36,295,744</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

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

	<u>Dorchester Bay</u>	<u>Rental</u>	<u>Eliminations</u>	<u>Total</u>
Cash Flows from Operating Activities:				
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	6,860,813	(412,359)	6,490,660
Loss on disposal of capital costs	23,290	-	-	23,290
Amortization charged as interest expense	2,475	160,260	-	162,735
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	(601,826)	(167,912)	(26,519)	(796,257)
Net cash provided by (used in) operating activities	<u>(573,293)</u>	<u>7,111,325</u>	<u>(269,914)</u>	<u>6,268,118</u>
Cash Flows from Investing Activities:				
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)
Net increase in notes and interest receivable	(7,338,769)	-	-	(7,338,769)
Payments on 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	(4,087,154)	(169,862)	-	(4,257,016)
Net cash used in investing activities	<u>(10,421,823)</u>	<u>(1,390,913)</u>	<u>(1,840,665)</u>	<u>(13,653,401)</u>
Cash Flows from Financing Activities:				
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>
Net Change in Cash, Cash Equivalents and Restricted Cash	12,022,949	1,995,043	-	14,017,992
Cash, Cash Equivalents and Restricted Cash:				
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>
Supplemental Disclosures of Cash Flow Information:				
Cash paid for interest	<u>\$ 48,800</u>	<u>\$ 2,540,024</u>	<u>\$ (34,081)</u>	<u>\$ 2,554,743</u>
Supplemental Disclosure of Non-cash Transactions:				
Donated land	<u>\$ 7,565,563</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,565,563</u>
Projects under development funded through construction payables	<u>\$ 1,618,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,618,493</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Consolidating Statement of Financial Position:				
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 Functional Expenses
For the Year Ended December 31, 2020

	Dorchester Bay						Rental (Exhibit B)	Eliminations	Total	
	Program Services			General and Adminis- trative	Fundraising	Total Dorchester Bay				
	Community Services	Asset Management	Loan Programs							Project Development
Personnel and Related Costs:										
Consulting and contract labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,462,432	\$ -	\$ 2,462,432	
Payroll	491,623	140,093	434,328	637,818	219,541	297,493	2,220,896	-	2,220,896	
Employee benefits	39,644	3,296	92,965	117,560	145,582	25,250	424,297	-	424,297	
Payroll taxes	34,376	2,825	45,380	53,256	25,091	22,689	183,617	-	183,617	
Total personnel and related costs	565,643	146,214	572,673	808,634	390,214	345,432	2,828,810	2,462,432	5,291,242	
Occupancy:										
Interest	-	-	-	480,943	4,591	-	485,534	2,603,150	(35,828)	3,052,856
Utilities	-	-	-	2,147	3,288	-	5,435	2,424,395	-	2,429,830
Contracted services	-	-	-	721	-	-	721	1,849,713	-	1,850,434
Real estate taxes	-	-	-	123,812	-	-	123,812	1,184,739	-	1,308,551
Repairs and maintenance	-	-	-	3,606	-	-	3,606	880,923	-	884,529
Insurance	2,818	-	917	18,096	18,513	-	40,344	757,376	-	797,720
Rent	-	15,834	-	-	69,650	-	85,484	20,909	(56,684)	49,709
Total occupancy	2,818	15,834	917	629,325	96,042	-	744,936	9,721,205	(92,512)	10,373,629
Other:										
Professional fees	83,593	980	115,542	103,365	424,680	24,489	752,649	316,151	-	1,068,800
Management fees	-	-	-	-	-	-	-	959,704	(18,720)	940,984
Bad debts	-	-	373,387	220,500	-	-	593,887	452,743	(210,420)	836,210
Office	15,974	27,828	14,927	3,365	150,578	4,502	217,174	488,176	-	705,350
Miscellaneous	2,566	18,131	113	3,827	47,235	1,255	73,127	118,147	-	191,274
Grants paid to others	-	-	-	140,554	-	-	140,554	-	-	140,554
Tenant services	-	-	-	-	-	-	-	602,696	(470,115)	132,581
Interest	-	-	8,641	1,103	17,232	-	26,976	-	-	26,976
Total other	102,133	46,939	512,610	472,714	639,725	30,246	1,804,367	2,937,617	(699,255)	4,042,729
Total expenses before depreciation and amortization and allocation of general and administrative	670,594	208,987	1,086,200	1,910,673	1,125,981	375,678	5,378,113	15,121,254	(791,767)	19,707,600
Depreciation and Amortization	-	-	-	9,668	26,785	-	36,453	6,785,422	(412,358)	6,409,517
Total expenses before allocation of general and administrative	670,594	208,987	1,086,200	1,920,341	1,152,766	375,678	5,414,566	21,906,676	(1,204,125)	26,117,117
Allocation of General and Administrative	203,396	63,387	329,452	556,531	(1,152,766)	-	-	-	-	-
Less - capitalized costs	873,990	272,374	1,415,652	2,476,872	-	375,678	5,414,566	21,906,676	(1,204,125)	26,117,117
	-	-	-	(85,464)	-	-	(85,464)	-	-	(85,464)
Total expenses	\$ 873,990	\$ 272,374	\$ 1,415,652	\$ 2,391,408	\$ -	\$ 375,678	\$ 5,329,102	\$ 21,906,676	\$ (1,204,125)	\$ 26,031,653

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, 2019

	Dorchester Bay						Rental (Exhibit B)	Eliminations	Total	
	Program Services			General and Adminis- trative	Fundraising	Total Dorchester Bay				
	Community Services	Asset Management	Loan Programs							Project Development
Personnel and Related Costs:										
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	-	2,349,615	
Employee benefits	71,505	45,997	69,128	138,232	30,371	66,445	421,678	-	421,678	
Payroll taxes	29,152	18,726	27,988	56,217	10,678	26,721	169,482	-	169,482	
Total personnel and related costs	483,514	310,835	465,333	1,052,606	183,151	445,336	2,940,775	2,355,543	5,296,318	
Occupancy:										
Interest	-	-	-	4,713	-	-	4,713	2,700,284	(34,081)	2,670,916
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
Total occupancy	7,471	3,893	5,387	38,379	80,181	7,697	143,008	10,043,181	(90,170)	10,096,019
Other:										
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
Bad debts	-	-	116,532	572,006	-	-	688,538	162,239	(551,906)	298,871
Office	33,504	5,191	41,926	45,358	92,613	29,360	247,952	413,218	-	661,170
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
Total other	128,913	57,440	254,239	1,026,268	601,658	77,233	2,145,751	2,634,940	(1,039,646)	3,741,045
Total expenses before depreciation and amortization and allocation of general and administrative	619,898	372,168	724,959	2,117,253	864,990	530,266	5,229,534	15,033,664	(1,129,816)	19,133,382
Depreciation and Amortization	-	-	-	11,205	31,001	-	42,206	6,860,813	(412,359)	6,490,660
Total expenses before allocation of general and administrative	619,898	372,168	724,959	2,128,458	895,991	530,266	5,271,740	21,894,477	(1,542,175)	25,624,042
Allocation of General and Administrative	154,469	92,739	180,649	468,134	(895,991)	-	-	-	-	-
Less - capitalized costs	774,367	464,907	905,608	2,596,592	-	530,266	5,271,740	21,894,477	(1,542,175)	25,624,042
Total expenses	\$ 774,367	\$ 464,907	\$ 905,608	\$ 2,346,791	\$ -	\$ 530,266	\$ 5,021,939	\$ 21,894,477	\$ (1,542,175)	\$ 25,374,241

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, 2020 and 2019

1. 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.

2. 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 3). 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.

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 5). As of December 31, 2020 and 2019, there were no cash equivalents.

Loan Loss Allowances

An allowance for loan losses (see Note 6) 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.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020 and 2019, was \$6,384,643 and \$6,465,812, 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 2020 and 2019.

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, 9, 18 and 19).

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 \$542,495 and \$537,951 as of December 31, 2020 and 2019, respectively. 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 \$277,823 and \$252,949 as of December 31, 2020 and 2019, respectively. Amortization expense for 2020 and 2019 was \$24,874 and \$24,848, respectively.

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

	<u>Amount</u>
2021	\$ 23,841
2022	\$ 22,865
2023	\$ 21,672
2024	\$ 19,402
2025	\$ 18,447

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Developer fees are earned by DBEDC in its role as sponsor and developer of its affiliates' projects (see Note 3). 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 3 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 3), 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.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

In accordance with ASC Subtopic 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 the Agency 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.

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 17). 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).

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, and professional fees, which are allocated based on an estimate of time and level of effort spent on the Agency's programs and supporting functions. Expenses such as office, utilities, rent, and insurance, are allocated based on head count.

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, 2020 and 2019

2. 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.
- **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 statements 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 5), 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, 2020 and 2019:

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>2020</u>	<u>2019</u>
Operating reserve	\$ 297,640	\$ 297,699
Non-operating reserve	<u>62,422</u>	<u>62,528</u>
	<u>\$ 360,062</u>	<u>\$ 360,227</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, 2020 and 2019

2. 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>2020</u>	<u>2019</u> <u>(As Restated)</u>
Project Development:		
Other	\$ 405,908	\$ 86,125
Fairmount Collaborative (see Note 7)	<u>121,001</u>	<u>152,555</u>
Subtotal Project Development	526,909	238,680
Other purpose restricted grants:		
Loan capital	830,556	744,537
Revolving loan fund capital - NWA	119,501	119,501
Other	<u>175,000</u>	<u>-</u>
	<u>\$ 1,651,966</u>	<u>\$ 1,102,718</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.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classification (Continued)

Prior Year Reclassification

During 2020, the Agency discovered that awards previously recorded as donor restricted loan capital, had period of performance dates that ended in 2014 and 2015. This caused net assets without donor restrictions to be understated by \$698,220 as of December 31, 2018. The Agency has corrected this understatement to release funds as of December 31, 2018.

Net assets as of December 31, 2018, have been restated as follows:

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Non- Controlling Interests</u>	<u>Total Net Assets</u>
Net assets, December 31, 2018, as previously stated	\$ 26,745,047	\$ 1,756,580	\$ 42,668,040	\$ 71,169,667
Effect of prior year reclassification	<u>698,220</u>	<u>(698,220)</u>	<u>-</u>	<u>-</u>
Net assets, December 31, 2018, as restated	<u>\$ 27,443,267</u>	<u>\$ 1,058,360</u>	<u>\$ 42,668,040</u>	<u>\$ 71,169,667</u>

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, 2020 and 2019.

DBEDC, DBH, DBNLF, Indigo Support Corporation, and BHSC (see Note 3) 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, 2020 and 2019. Net operating losses incurred through 2017 will be carried forward and expire at various dates through 2037. Net operating losses incurred in 2018 and onward 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 3) 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 June 16, 2021, which is the date the consolidating financial statements were available to be issued. See Notes 3, 6, 8, 9, 11 and 18 for events met the criteria for recognition or disclosure in the consolidating financial statements.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

3. 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. These entities, controlled affiliates and the general partner subsidiaries, as listed below and on pages 20 and 21, 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 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.

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.

DB Pierce Property Support Corporation (DB Pierce Support) was formed during 2020 as a supporting organization to DBEDC.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

Dorchester Bay: (Continued)

Controlled Affiliates: (Continued)

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 owns 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 a 100% interest in Indigo MM (see above). DBEDC is the sole member of Indigo Blocker.

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

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

General Partner Subsidiaries: (Continued)

- **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
- **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 LLC. 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.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

Rental Properties: (Continued)

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 a 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 a 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.

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 a 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 a 99.99% ownership of Dudley Terrace. During 2020, Dudley Terrace sold real estate and personal property to Dudley Terrace Apartments (see below and Note 15).

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. During 2020, Dudley Terrace Apartments purchased real and personal property from Dudley Terrace (see Note 15) and is now .01% owned by DB Dudley Terrace MM LLC (see page 21) and 99.99% by Massachusetts Housing Equity Fund XXV LLC.

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. Subsequent to year end, DB MT changes its name to DB Pearl Owner, LLC.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

Rental Properties: (Continued)

Pearl Companies: (Continued)

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. Subsequent to year end, DBEDC purchased the remaining 5% interest from CCK.

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.

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 20).

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 20 and 21) 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.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

3. RELATED PARTY TRANSACTIONS (Continued)

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 2). 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, 2020, 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 Dudley Terrace	4	0% - 2.61%	\$ 18,568,347	\$ 2,384,553	Through 2045
Apartments	1	3.5%	3,905,518	56,955	August 2052*
150 Magnolia	4	0% - 6.55%	1,035,826	994,211	Through 2033
Brunswick	5	0% - 7.62%	796,145	842,529	Through 2022
DV South	5	0% - 10.0%	623,735	1,091,068	Through 2039
DVNC	1	1%	529,222	71,746	August 2030
555 Dudley	3	3.0% - 9.0%	510,892	218,267	Through 2038
Columbia	3	5.0% - 7.62%	578,917	503,692	Through 2022
DV North	4	0% - 6.0%	456,893	446,184	Through 2036
Quincy Heights	1	0%	432,464	-	December 2043 Upon sale or through June 2035
GALP	2	6.0% - 12.0%	312,862	778,064	June 2035
DB MT	1	6.0%	300,000	226,403	August 2033
DBULP	1	10.0%	274,000	1,237,765	December 2022
			<u>28,324,821</u>	<u>8,851,437</u>	
Less - amounts characterized as equity*			3,905,518	56,955	
Less - valuation allowance			24,419,303	6,970,370	
Less - related party elimination			-	1,824,112	
			<u>-</u>	<u>-</u>	
Net notes and interest receivable from related parties			\$ -	\$ -	

* Because this instrument was created among the Agency in controlled transfers, principal and accrued interest on the seller note for Dudley Terrace Apartments have been characterized as equity in the accompanying consolidating financial statements.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

3. RELATED PARTY TRANSACTIONS (Continued)

Notes and Interest Receivable from Related Parties (Continued)

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
					Upon sale
					or through
GALP	2	6.0% - 12.0%	312,862	803,133	June 2035
DB MT	1	6.0%	300,000	196,607	August 2033
DBULP	1	10.0%	<u>274,000</u>	<u>1,476,849</u>	December 2022
			25,103,754	8,166,271	
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 from related parties			\$ -	\$ -	

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

	<u>2020</u>	<u>2019</u>
Cottage Brook	\$ 703,086	\$ 973,684
Glendale	3,786	-
Ceylon	-	411,723
150 Magnolia	-	88,344
Brunswick	-	4,015
	<u>\$ 706,872</u>	<u>\$ 1,477,766</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

3. 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>2020</u>	<u>2019</u>
DBULP	\$ 483,788	\$ 385,038
CB Housing	464,089	-
GALP	98,593	119,876
150 Magnolia	43,258	84,417
Other	20,117	11,997
DV South	18,843	39,780
555 Dudley	12,456	19,115
Brunswick	-	90,837
Ceylon	-	26,247
	<u>\$ 1,141,144</u>	<u>\$ 777,307</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 2020 and 2019 totaled \$575,380 and \$579,601, respectively. These fees are recognized when paid based on prior cash flow for annual services provided by the Agency.

Distributions

During 2020, there were distributions of \$1,542,896 from certain limited partnerships based on 2019 cash flow, of which \$176,788 was distributed to unrelated parties. 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. There are expected distributions of \$768,779 due in 2021 based on 2020 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 2023. The agreement requires DBEDC to pay DV South monthly lease payments of \$1,574 and \$1,524 for 2020 and 2019, respectively, increasing 3% annually. Total rent expense under this agreement was \$18,884 and \$18,289 for 2020 and 2019, 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:

2021	\$ 19,450
2022	20,034
2023	<u>20,645</u>
	<u>\$ 60,129</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

3. 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 2020 and 2019.

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 shown as developer fees in the accompanying consolidating statements of activities for the years ended December 31:

Project	Total Contract	Recognized Prior to 2019	Recognized During 2019	Recognized During 2020	Remaining Contract Balance
Indigo Apartments	\$ 1,046,685	\$ 240,280	\$ 283,062	\$ 333,752	\$ 189,591
Dudley Terrace Apartments	1,044,388	-	140,606	381,588	304,126
Indigo MT	752,306	63,228	312,925	-	136,268
Less - capitalized costs (see Note 7)	-	-	(140,606)	-	-
Total	\$ 2,843,379	\$ 303,508	\$ 595,987	\$ 715,340	\$ 629,985

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. During 2020, DBEDC recorded a reserve on Dudley Terrace Apartments' developer fee of \$218,068. During 2020, DBEDC also converted \$239,885 of developer fees into an investment, which has been fully reserved.

Revenues and expenses between these entities are as follows during 2020 and 2019:

	2020		
	Dorchester Bay	Rental	Total
Interest	\$ -	\$ 1,279,537	\$ 1,279,537
Amounts invested in projects under development and bad debts	1,134,622	-	1,134,622
Tenant services	-	470,115	470,115
Rent	56,684	-	56,684
Management fees	-	18,720	18,720
	\$ 1,191,306	\$ 1,768,372	\$ 2,959,678
	2019		
	Dorchester Bay	Rental	Total
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	-	27,847	27,847
	\$ 607,995	\$ 1,741,924	\$ 2,349,919

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

3. RELATED PARTY TRANSACTIONS (Continued)

Due from Affiliates

The following entities have fees and other advances due to Dorchester Bay as of December 31, 2020 and 2019. 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>2020</u>	<u>2019</u>
Current:		
Dudley Terrace Apartments	\$ 417,826	\$ -
Cottage Brook	222,843	215,234
Quincy Heights	190,839	252,953
GALP	40,281	39,469
DVNC	37,241	-
555 Dudley	<u>5,841</u>	<u>-</u>
	914,871	507,656
Less - valuation allowance	<u>-</u>	<u>-</u>
Total current portion	<u>\$ 914,871</u>	<u>\$ 507,656</u>
Long-term:		
Pierce	\$ 2,324,450	\$ 1,642,493
Pearl Companies	539,042	623,504
Indigo Apartments	366,815	366,815
Indigo MT	329,501	376,153
Dudley Terrace Apartments	285,523	424,479
Dudley Terrace	267,752	1,035,753
DV North	155,979	155,979
555 Dudley	90,439	90,439
150 Magnolia	<u>11,361</u>	<u>11,361</u>
	4,370,862	4,726,976
Less - valuation allowance	<u>2,551,647</u>	<u>2,660,004</u>
Total long-term portion	<u>\$ 1,819,215</u>	<u>\$ 2,066,972</u>

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

4. 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 18) and grant funding from DB MT to fund DB Pearl Investment Fund LLC (Pearl Investment Fund), an unrelated entity (see Note 6).

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 18). In September 2020, the CDEs assigned the loans to the Pearl Investment Fund. The Pearl Investment Fund then assigned their rights in the loans to DB MT. DB MT then assigned their rights in the loans to the City of Boston, Department of Neighborhood Development (DND).

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

5. 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 and Pierce Properties (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.

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

	2020		
	Dorchester Bay	Rental	Total
Current:			
Escrows	\$ -	\$ 581,753	\$ 581,753
Long-term:			
Construction escrows	7,989,237	-	7,989,237
Operating reserves	491,611	5,142,419	5,634,030
Replacement reserves	86,790	4,606,666	4,693,456
Cash held for lending	1,047,464	-	1,047,464
Partnership reserve	-	684,415	684,415
Loan loss reserve	110,169	-	110,169
Special escrows	-	68,879	68,879
Subtotal	<u>9,725,271</u>	<u>10,502,379</u>	<u>20,227,650</u>
	<u>\$ 9,725,271</u>	<u>\$ 11,084,132</u>	<u>\$ 20,809,403</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

5. ESCROWS AND RESTRICTED DEPOSITS (Continued)

	2019		
	<u>Dorchester Bay</u>	<u>Rental</u>	<u>Total</u>
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>

6. 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:

2021	\$ 239,161
2022	218,822
2023	200,126
2024	128,869
2025	58,101
Thereafter	<u>92,180</u>
	937,259
Less - current portion	239,161
Less - loan loss allowance	<u>540,457</u>
	<u>\$ 157,641</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 TNT-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, 2020 and 2019

6. NOTES AND INTEREST RECEIVABLE (Continued)

Rental

As part of funding the Pearl Foods Project (see Note 4), DB MT entered into the following note receivable agreements with the Pearl Investment Fund as of December 31, 2020 and 2019:

<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.
- Pearl Investment Fund Note A - extension on this note receivable is currently being negotiated.

The notes (collectively, the Pearl Investment Fund Notes) were secured by certain restricted cash accounts held by NMI CDE and PNC CDE (see Note 5), 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 4). Subsequent to year end, these notes were satisfied as part of the assumption and assignment of notes payable (see Note 18) during the final unwind process.

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 statements 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 2020 and 2019:

Indigo Block Project is a joint venture between Indigo Apartments, Indigo Landowner and Indigo Support (see Note 3), 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, 2020 and 2019, 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.

Dudley Terrace was a residential rental property in Dorchester. As of December 31, 2019, costs associated with this project represented renovations related to the nine building, 56-unit project. During 2020, this project was acquired by Dudley Terrace Apartments. As of December 31, 2020, the rehabilitation was substantially completed on two of the nine buildings. It is anticipated the rehabilitation on the remaining seven buildings will be completed during 2021.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

7. PROJECTS UNDER DEVELOPMENT (Continued)

Pierce Properties is a mixed residential-commercial property in Dorchester. As of December 31, 2020 and 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, 2020 and 2019, 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, 2020 and 2019, projects under development consist of the following:

	<u>2020</u>	<u>2019</u>
Indigo Apartments	\$ 19,427,332	\$ 5,108,324
Indigo Support	5,058,832	1,194,825
Dudley Terrace Apartments	2,047,062	521,167
Pierce Properties	1,994,345	1,249,681
Leyland Street	827,549	485,022
Various other projects	661,946	412,278
Capitalized salaries	<u>220,856</u>	<u>486,417</u>
Total projects under development	<u>\$ 30,237,922</u>	<u>\$ 9,457,714</u>

Management of the Agency has capitalized the costs related to various projects, 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 as of December 31, 2020 and 2019. 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, 2020 and 2019

8. NOTES PAYABLE

Notes payable at December 31, 2020 and 2019, consist of:

Operating	2020	2019
\$200,000 line of credit due to Massachusetts Growth Capital Corporation (MGCC), which bears interest at the prime rate (3.25% and 4.75% as of December 31, 2020 and 2019, 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, plus 2.5% (5.75% and 4.75% as of December 31, 2020 and 2019, respectively), and was due in February 2021. Subsequent to year end, the maturity date was extended to February 2023. This line of credit is secured by certain assets of DBEDC.	70,000	70,000
During 2020, DBEDC applied for and was awarded a forgivable loan of \$460,600 from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act), through a bank. The funds were used to pay certain payroll costs including benefits as well as rent and utilities during the covered period as defined in the CARES Act. A portion of these funds may be forgiven, as defined in the agreement, at the end of the covered period and the remainder of the funds will be due over a two year period with interest at 1%. Any repayment will be deferred until the Small Business Administration (SBA) notifies the lender of the amount of the loan that will be forgiven. The balance of the note which is not forgiven, plus interest, will be due in equal monthly payments through the maturity date as defined by the bank. There are no covenants to comply with and the note is not secured by any collateral as of December 31, 2020. Subsequent to year end, DBEDC submitted and was approved for full forgiveness, therefore, the balance has been classified as long-term in the accompanying consolidating statement of financial position as of December 31, 2020.	460,600	-
Total operating	<u>730,600</u>	<u>270,000</u>
Loan Programs		
Two notes payable to the 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"> • Maximum borrowings of \$500,000 and \$900,000. • 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, 2020 and 2019. 		
The 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. The SBA has a security interest in the related cash accounts (see Note 5).	565,683	363,905
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>615,683</u>	<u>413,905</u>
Project Development		
Leyland Street		
4.5% loan payable to Community Economic Development Assistance Corporation (CEDAC), due in October 2022. This note is secured by a mortgage on the property.	615,453	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.	372,963	161,066
7% construction note payable to CEDAC, with a maximum obligation of \$550,000, due upon refinance of the property. This note is secured by the property.	<u>140,375</u>	<u>-</u>
Subtotal Leyland Street	<u>1,128,791</u>	<u>756,066</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

8. NOTES PAYABLE (Continued)

Project Development (Continued)

Dudley Terrace Apartments

7% loan payable to CEDAC, due at first closing or upon construction financing. The maximum borrowing under this note was \$400,000, payable in installments approved by CEDAC. This note was repaid in full during 2020 in accordance with the syndication of the property (see Note 15).

	<u>2020</u>	<u>2019</u>
	-	355,105

Indigo Block Apartments

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.

6,031,327	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>1,114,143</u>
------------------	------------------

Subtotal Indigo Block Apartments

<u>7,145,470</u>	<u>3,329,857</u>
------------------	------------------

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 6):

- 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	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 6):

- 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.

<u>4,753,000</u>	<u>4,753,000</u>
------------------	------------------

Subtotal Indigo Support Corp

<u>10,993,000</u>	<u>10,993,000</u>
-------------------	-------------------

Other Project Development

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% through August 2020, at which point the rate was changed to 4.85% and 4.5% respectively. Quarterly payments of interest only, in arrears, are due and payable on the first day of each quarter through February 15, 2023 and July 15, 2021, respectively. 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	7,389,260
-----------	-----------

\$1,400,000 revolving line of credit due to The Life Insurance Community Investment Initiative, bearing interest at 5%, due in April 2021. 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. Subsequent to year end, this note was extended to April 2023 with maximum borrowings of \$1,900,000.

1,395,640	1,230,218
-----------	-----------

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

8. NOTES PAYABLE (Continued)

Project Development (Continued)

Other Project Development (Continued)

\$750,000 revolving line of credit due to The Life Insurance Community Investment Initiative, bearing interest at 6% and 5% at December 31, 2020 and 2019, respectively, due on demand. 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.

185,951 185,951

\$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. During 2020, this note was amended to a maturity date of May 2021 at which point it was repaid.

88,368 367,718

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.

49,657 62,965

\$300,000 line of credit due to LISC, bearing interest at 3.75%. Payment of principal and interest was repaid in June 2020. This note was repaid in full during 2020.

- 219,141

\$100,000 line of credit due to LISC, bearing interest at 6.75%. Payment of principal and interest was due in June 2020. This note was repaid in full during 2020

- 73,047

Subtotal Other Project Development

9,108,876 9,528,300

Less - unamortized debt issuance costs

133,508 104,859

Subtotal Other Project Development

8,975,368 9,423,441

DFH

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. During 2020, 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.

51,558 55,348

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.

23,797 28,513

Subtotal DFH

75,355 83,861

Total project development

28,317,984 24,941,330

Total DBEDC and Affiliates

29,664,267 25,625,235

Total Rental Properties (see Note 18)

73,137,827 73,975,435

Total notes payable before eliminations

102,802,094 99,600,670

Less - eliminations

411,893 416,833

Total notes payable

102,390,201 99,183,837

Less - current portion

3,479,830 4,449,034

\$ 98,910,371 \$ 94,734,803

8. NOTES PAYABLE (Continued)

Maturities of the notes payable over the next five years are as follows:

	<u>Amount</u>
2021	\$ 3,479,830
2022	\$ 17,763,950
2023	\$ 5,733,485
2024	\$ 1,917,108
2025	\$ 3,456,128

Debt issuance costs related to these notes payable (see page 38 and Note 18) and contingent debt (see Notes 9 and 19) totaling \$2,792,279 and \$2,706,391 are being amortized over the terms of the related mortgages and are shown net of accumulated imputed interest of \$1,297,222 and \$1,135,815 as of December 31, 2020 and 2019, respectively. Amortization of debt issuance costs of \$154,340 and \$158,076 are included in interest expense in the accompanying consolidating statements of functional expenses for the years ended December 31, 2020 and 2019, 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. Amortization expense is expected to be approximately \$82,000 for the next five years.

These notes payable (see page 33 through 35 and Note 18) and contingent debt (see Notes 9 and 19) contain certain financial ratios and other covenants as specified in the agreements. The Agency was in compliance with these covenants as of December 31, 2020 and 2019.

9. CONTINGENT DEBT AND DEFERRED INTEREST

Contingent debt and deferred interest at December 31, 2020 and 2019, consist of:

	2020		2019	
	Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Loan Programs				
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.	8,800	-	8,800	-
Total loan programs	53,800	-	53,800	-
Project Development				
<i>Indigo Block Apartments</i>				
1%, \$2,044,055 note payable to the City of Boston under the Inclusionary Development Policy (IDP) with a maturity date in January 2062. This note can be extended for a period equal to the original length of the loan.	1,839,650	5,307	-	-
1%, \$2,000,000 note payable to DHCD under the AHT Statute with a maturity date in January 2062. This note can be extended for a period equal to the original length of the loan.	1,800,000	11,307	-	-
1%, \$1,000,000 note payable to Massachusetts Housing Partnership (MHP) under the HSF program with a maturity date in May 2071. This note can be extended for a period equal to the original length of the loan.	900,000	7,500	-	-
1%, \$1,000,000 note payable to the City of Boston under the NHT program with a maturity date in January 2062. This note can be extended for a period equal to the original length of the loan.	900,000	1,500	-	-
1%, \$1,000,000 note payable to the City of Boston under the HOME program with a maturity date in January 2062. This note can be extended for a period equal to the original length of the loan.	900,000	1,500	-	-
1%, \$825,000 note payable to DHCD under the HOME program with a maturity date in January 2062. This note can be extended for a period equal to the original length of the loan.	742,500	1,733	-	-
1%, \$644,971 note payable to DHCD under the Non-Federal Investment Trust Fund (NFIT) program with a maturity date in January 2062. This note can be extended for a period equal to the original length of the loan.	580,474	4,112	-	-

9. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)

	2020		2019	
	Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Project Development (Continued)				
<i>Indigo Block Apartments</i> (Continued)				
1%, \$350,000 note payable to MHP under the Commercial Area Transit Node Housing Program (CATNHP) with a maturity date in January 2062. This note can be extended for a period equal to the original length of the loan.	315,000	2,541	-	-
1%, \$450,000 note payable to CEDAC under the BHA program with a maturity date in May 2051. This note can be extended for a period equal to the original length of the loan.	-	-	-	-
Subtotal Indigo Block Apartments	7,977,624	35,500	-	-
Beginning in 2021, all of the Indigo Block Apartments' notes payable will have payments due to the extent of positive net cash flow.				
<i>Other Project Development</i>				
1% note payable to MHP with maximum borrowings up to \$650,000, with all interest and principal due in June 2051. The maturity date of this note may be extended for a period of time up to the original term of the note.	585,000	-	-	-
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	-
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 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.	57,000	-	57,000	-
Subtotal Other Project Development	859,991	-	274,991	-
Total Project Development	8,837,615	35,500	274,991	-
Total DBEDC and Affiliates	8,891,415	35,500	328,791	-
Total Rental Properties (see Note 19)	58,254,118	18,275,457	59,289,897	19,779,609
Total contingent debt and deferred interest before eliminations	67,145,533	18,310,957	59,618,688	19,779,609
Less - eliminations	24,007,411	8,567,802	25,660,605	7,969,373
	<u>\$ 43,138,122</u>	<u>\$ 9,743,155</u>	<u>\$ 33,958,083</u>	<u>\$ 11,810,236</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

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 2), within one year of the consolidating statements of financial position date, comprise the following at December 31:

	<u>2020</u>	
	<u>Operating</u>	<u>Rental Programs</u>
Cash and cash equivalents	\$ 4,673,178	\$ 10,813,163
Escrows and restricted deposits, current	-	581,753
Grants receivable	112,966	-
Tenant and other receivables, net	27,883	573,152
Notes and interest receivable	<u>239,161</u>	<u>-</u>
	5,053,188	12,160,911
Less - development project cash	(693,053)	-
Less - cash held for initiatives with donor restrictions and Board designated reserves (see Note 2)	(535,062)	-
Less - current portion of notes and interest receivable with donor restrictions	<u>(239,161)</u>	<u>-</u>
	<u>\$ 3,585,912</u>	<u>\$ 12,160,911</u>
	<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 2)	(562,832)	-
Less - current portion of notes and interest receivable with donor restrictions	<u>(173,169)</u>	<u>-</u>
	<u>\$ 2,378,408</u>	<u>\$ 10,461,901</u>

The Agency aims to maintain working capital balances of at least six months of operating expenses. As of December 31, 2020 and 2019, the Agency and its operating affiliates had working capital (current assets less current liabilities) of \$6,042,381 and \$5,599,297, respectively, and average days of cash on hand of 288 and 243, 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, 2020 and 2019. 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, 2020 and 2019

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, 2020 and 2019, 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 6) could 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 had 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. As of December 31, 2020, these options had not been exercised. Subsequent to year end, these notes were satisfied as part of the assumption and assignment of notes payable (see Note 18) during the final unwind process.

The notes to NMI CDE and PNC CDE (see Note 18) 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 had the right, but not the obligation, to require prepayment of NMI CDE, Notes A, B and C, and PNC CDE, Notes A and B.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

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

Boston Capital has committed a total of \$7,435,105 in capital contributions to Indigo Apartments as of December 31, 2019. The initial payment for the project, upon admission as limited partner of Indigo Apartments, 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, 2020 and 2019.

COVID-19

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 consolidating 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

Projects Under Development

Subsequent to year end, DBEDC entered into the following loan commitments related to Pierce Properties and Leyland Street:

<u>Lender</u>	<u>Interest Rate</u>	<u>Loan Amount</u>	<u>Initial Term</u>
Eastern Bank/The Life Insurance Community Investment Initiative - Permanent Loan	3.75%	\$ 4,000,000	8 years
Eastern Bank/The Life Insurance Community Investment Initiative - Bridge Loan	5%	\$ 2,800,000	2.5 years
Hebrew Senior Life - Developer Fee Loan	5%	\$ 1,500,000	20 years

Subsequent to year end, DBEDC was also awarded grants in the aggregate of \$350,000 to be used towards the Pierce Properties rehabilitation.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

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 2025. 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 Bay</u>	<u>Rental</u>	<u>Total</u>
2021	\$ 46,361	\$ 212,004	\$ 258,365
2022	47,410	163,901	211,311
2023	26,246	118,211	144,457
2024	27,036	110,666	137,702
2025	<u>25,463</u>	<u>112,750</u>	<u>138,213</u>
Total	<u>\$ 172,516</u>	<u>\$ 717,532</u>	<u>\$ 890,048</u>

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 \$111,000 and \$101,000 to the plan for 2020 and 2019, respectively, which are included in employee benefits in the accompanying consolidating statements of functional expenses.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

15. SYNDICATION OF DUDLEY TERRACE APARTMENTS

On August 5, 2020, Dudley Terrace sold its buildings and certain improvements to Dudley Terrace Apartments for \$7,340,000. As part of the purchase, Dudley Terrace Apartments assumed notes payable with revised principal balances of \$500,000 and \$1,692,529 with DHCD and DND, respectively, from Dudley Terrace (see Note 19).

A summary of the acquisition and related costs is as follows:

Purchase price:	
Cash paid	\$ 1,241,953
Seller loan	3,905,518
Assumed debt	<u>2,192,529</u>
Contractual purchase price	<u>\$ 7,340,000</u>
Contractual purchase price	\$ 7,340,000
Transaction costs	<u>232,948</u>
	7,572,948
Adjustment to reduce purchase price to carryover basis	<u>(4,683,622)</u>
Carryover basis	<u>\$ 2,889,326</u>
Carrying amount of assets acquired:	
Land, buildings and improvements	\$ 8,785,567
Less - accumulated depreciation	<u>(5,896,241)</u>
Carryover basis	<u>\$ 2,889,326</u>

The syndication of Dudley Terrace Apartments is reported in the accompanying consolidating statement of changes in net assets for 2020 as follows:

	<u>Dudley Terrace Apartments</u>	<u>Dudley Terrace</u>	<u>Total</u>
Excess of purchase price over carryover basis	\$ (4,683,622)	\$ 4,683,622	\$ -
Transaction costs	-	(232,948)	(232,948)
Seller loan	<u>3,905,518</u>	<u>(3,905,518)</u>	-
	<u>\$ (778,104)</u>	<u>\$ 545,156</u>	<u>\$ (232,948)</u>

16. CONDITIONAL GRANTS

During 2020 and 2019, the Agency was awarded several conditional grants in the amounts of \$1,242,500 and \$217,500, respectively, from government and private agencies. The Agency is required to comply with certain affordable housing use restrictions and completion of other various milestones, in order to earn this revenue. During 2020 and 2019, \$521,250 and \$74,000, respectively, of these funds have been recognized as revenue and are included in grants, contracts and contributions in the accompanying consolidating statements of activities. In accordance with Accounting Standards Update (ASU) 958, the remaining amount of \$647,250 will be recognized as conditions are met.

17. RECLASSIFICATIONS

Certain amounts in the December 31, 2019 consolidating financial statements have been reclassified to conform with the December 31, 2020 presentation.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

18. NOTES PAYABLE - RENTAL PROPERTIES

Lender	Interest Rate	Security	Maturity Date	Outstanding Principal	
				2020	2019
DBULP					
Boston Private Bank and Trust Company (Boston Private)	5.00%	First	October 2022	\$ 1,562,400	\$ 1,602,628
Boston Private	5.25%	Second	October 2022	753,748	771,356
				2,316,148	2,373,984
			Less - unamortized debt issuance costs	10,250	15,899
				<u>2,305,898</u>	<u>2,358,085</u>
GALP					
U.S. Department of Housing and Urban Development (HUD)	1.00%	Second	July 2035	4,429,379	4,746,428
BERKADIA	3.25%	First	July 2035	2,071,586	2,180,100
				6,500,965	6,926,528
			Less - unamortized debt issuance costs	94,552	106,788
				<u>6,406,413</u>	<u>6,819,740</u>
DVNC					
Boston Private	3.33% for years one through five and then equal to the Federal Home Loan Bank of Boston five-year Classic Advance "Regular" rate plus 250 bps for years six through ten.	First	August 2030	242,319	-
Citizens Bank	London Interbank Offered Rate (LIBOR), plus the LIBOR rate margin (2.38% December 31, 2019)	First	(A) April 2020	-	268,116
				242,319	268,116
			Less - unamortized debt issuance costs	18,839	-
				<u>223,480</u>	<u>268,116</u>
DB618					
Boston Private	Greater of the Federal Home Loan Bank of Boston Classic Advance Five-Year Community Development Advance Rate, plus 2.25% or 5.5% (5.5% at December 31, 2020 and 2019).	First	September 2022	175,129	181,305
			Less - unamortized debt issuance costs	1,664	2,616
				<u>173,465</u>	<u>178,689</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

18. NOTES PAYABLE - RENTAL PROPERTIES (Continued)

Lender	Interest Rate	Security	Maturity Date	Outstanding Principal	
				2020	2019
555 Dudley					
MHP	3.97%	First	March 2025	1,077,381	1,105,357
MHP	4.50%	Second	March 2025	348,824	357,241
DBEDC	3.00%	Fourth	January 2038	111,892	116,833
				1,538,097	1,579,431
			Less - unamortized debt issuance costs	22,870	27,502
				<u>1,515,227</u>	<u>1,551,929</u>
Wilder					
MHP	4.85%	First	March 2035	1,856,793	1,895,834
			Less - unamortized debt issuance costs	93,318	99,494
				<u>1,763,475</u>	<u>1,796,340</u>
Dudley Terrace					
MHP	7.60%	First	Was due and repaid by June 30, 2020	-	1,222,998
Dudley Terrace Apartments					
Boston Private	3.00%	First	August 2022	2,391,732	-
MHP HUD Risk Share (Maximum amount of \$5,300,000)	3.62%	First	20 years after permanent closing	-	-
				2,391,732	-
			Less - unamortized debt issuance costs	30,683	-
				<u>2,361,049</u>	<u>-</u>
Pearl Companies					
<u>DB MT</u>					
City of Boston	Lender's cost of funds rate, plus 0.75% (4.50% and 4.56% at December 31, 2020 and 2019, respectively) for the first seven years and then at 4.5% beginning in August 2021 through maturity.	Second priority interest in Pearl Investment Fund's Notes A and C and a first priority in Note B	(A)	August 2023	3,200,000
BlueHub Loan Fund, Inc.	5.00%	See page 46.		February 2022	1,817,923
					1,818,190

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

18. NOTES PAYABLE - RENTAL PROPERTIES (Continued)

Lender	Interest Rate	Security	Maturity Date	Outstanding Principal	
				2020	2019
Pearl Companies (Continued)					
<u>DB MT</u> (Continued)					
		Third priority interest in the Pearl Investment Fund Notes (see Note 6) and a third mortgage on the property.			
Coastal Enterprises, Inc.	6.25%	(A)	February 2022	500,000	500,000
DBEDC	6.00%	Unsecured.	August 2033	300,000	300,000
BlueHub Loan Fund, Inc.	6.00%	See below.	February 2021	8,204	90,231
				5,826,127	5,908,421
			Less - unamortized debt issuance costs	8,552	19,890
				<u>5,817,575</u>	<u>5,888,531</u>
The BlueHub Loan Fund, Inc. notes payable with DB MT on page 45 and above are guaranteed by DBEDC (unlimited) and the CCK (limited to \$50,000) and secured by a second priority interest in the Pearl Investment Fund's Note B (see Note 6) and a first mortgage on the property.					
<u>DB QALICB</u>					
NMI CDE (NMI CDE Note C)	1.00%	See below.	December 2048	(B) 3,797,500	3,797,500
NMI CDE (NMI Note B)	1.00%	See below.	August 2023	(B) 3,200,000	3,200,000
PNC CDE (PNC Note A)	1.00%	See below.	December 2048	(B) 2,798,800	2,798,800
NMI CDE (NMI CDE Note A)	1.00%	See below.	February 2021	(B) 2,560,000	2,560,000
PNC CDE (PNC Note B)	1.00%	See below.	December 2048	(B) 1,201,200	1,201,200
				13,557,500	13,557,500
			Less - unamortized debt issuance costs	450,639	498,662
				<u>13,106,861</u>	<u>13,058,838</u>
Subtotal Pearl Companies				<u>18,924,436</u>	<u>18,947,369</u>
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.					
150 Magnolia					
MHP	5.15%	First	May 2023	723,199	763,772
			Less - unamortized debt issuance costs	9,418	14,078
				<u>713,781</u>	<u>749,694</u>
Brunswick					
MHP	5.96%	First	June 2027	1,892,680	1,957,696
			Less - unamortized debt issuance costs	26,239	28,552
				<u>1,866,441</u>	<u>1,929,144</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

18. NOTES PAYABLE - RENTAL PROPERTIES (Continued)

Lender	Interest Rate	Security	Maturity Date	Outstanding Principal	
				2020	2019
Columbia					
MHP	5.95%	First	August 2027	2,175,598	2,250,409
			Less - unamortized debt issuance costs	24,603	27,162
				<u>2,150,995</u>	<u>2,223,247</u>
DV North					
MHP	3.17%	Fourth	June 2028	622,339	647,438
MHP	2.00%	Second	December 2028	400,000	400,000
MHP	6.65%	First	December 2026	72,364	74,217
				1,094,703	1,121,655
			Less - unamortized debt issuance costs	27,540	31,488
				<u>1,067,163</u>	<u>1,090,167</u>
DV South					
MHP	6.27%	First	November 2026	965,302	993,405
MHP	2% (interest only)	Second	December 2026	450,000	450,000
				1,415,302	1,443,405
			Less - unamortized debt issuance costs	27,946	33,250
				<u>1,387,356</u>	<u>1,410,155</u>
Quincy Heights					
Massachusetts Housing Financing Authority (MHFA)	2.29%	First	June 2040	14,538,214	15,087,734
			Less - unamortized debt issuance costs	213,781	232,864
				<u>14,324,433</u>	<u>14,854,870</u>
Cottage Brook					
Eastern Bank	4.20%	First	(A) December 2035	16,104,525	16,414,505
HUD	1.00%	Second	December 2036 or upon the sale or refinancing of the property or upon default	2,464,793	2,823,228
				18,569,318	19,237,733
			Less - unamortized discount	314,448	335,369
			Less - unamortized debt issuance costs	300,655	327,472
				<u>17,954,215</u>	<u>18,574,892</u>
Total notes payable - Rental Properties (see Note 8)				<u>\$ 73,137,827</u>	<u>\$ 73,975,435</u>

(A) Guaranteed by DBEDC

(B) Subsequent to year end, these notes were assigned to Pearl Investment Fund in exchange for full satisfaction of the Pearl Investment Fund Notes (see Note 6)

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

19. CONTINGENT DEBT AND DEFERRED INTEREST - RENTAL PROPERTIES

Lender	Interest Rate	Security	Maturity Date	2020		2019	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
DBULP							
DBH	10% **	Unsecured.	December 2022.	\$ 274,000	\$ 1,237,765	\$ 274,000	\$ 1,476,849
GALP							
DBEDC	6% **	Subordinate mortgage	June 2035.	189,300	277,237	189,300	250,829
DBEDC	12% **	Unsecured.	Due upon re-syndication, sale or refinancing.	123,562	500,827	123,562	552,304
				<u>312,862</u>	<u>778,064</u>	<u>312,862</u>	<u>803,133</u>
DVNC							
DBEDC	1%**	Property is pledged as collateral	Principal and interest are payable from net cash flow with an initial maturity in April 2020. Management is in the process of refinancing this note payable.	<u>529,222</u>	<u>71,746</u>	<u>529,222</u>	<u>65,714</u>
DB 618							
City of Boston	0.00%	Subordinate Mortgage	April 2050	272,405	-	272,405	-
MHIC	0.00%	Second	December 2025	260,000	-	260,000	-
				<u>532,405</u>	<u>-</u>	<u>532,405</u>	<u>-</u>
555 Dudley							
City of Boston - Leading the Way Program	0.00%	Shared third	October 2042	650,000	-	650,000	-
DHCD - Affordable Housing Trust Fund Statute (AHTF)	0.00%	Shared third	October 2042	650,000	-	650,000	-
DHCD - HOME	0.00%	Shared third	October 2042	387,500	-	387,500	-
DHCD - Housing Stabilization and Investment Trust Fund Statute.	0.00%	Shared third	October 2062	387,500	-	387,500	-
Boston Redevelopment Authority (BRA)	0.00%	Shared third	October 2042	300,000	-	300,000	-
DBEDC	9.00%	Fifth	December 2032	223,000	195,049	223,000	160,531
DBEDC	5.00%	Sixth	December 2032	176,000	22,941	176,000	32,485
				<u>2,774,000</u>	<u>217,990</u>	<u>2,774,000</u>	<u>193,016</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

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

Lender	Interest Rate	Security	Maturity Date	2020		2019	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Ceylon							
City of Boston	7.5% **	First	January 2029	1,250,000	1,147,950	1,250,000	1,343,430
DBH	8.5% **	Second	December 2023	-	-	411,723	26,247
				<u>1,250,000</u>	<u>1,147,950</u>	<u>1,661,723</u>	<u>1,369,677</u>
150 Magnolia							
City of Boston	5.50%	Second	April 2034	749,304	1,391,154	749,304	1,278,098
DHCD	5.00%	Third	December 2031	600,000	561,661	600,000	531,661
CEDAC	5% simple interest for twenty years, then 0% through maturity	Subordinate mortgage	December 2031	500,000	472,533	500,000	447,533
DBEDC	6.55% **	Subordinate mortgage	December 2033	430,895	994,211	430,895	904,096
DBEDC	0.00%	Subordinate mortgage	December 2021	400,000	-	400,000	-
DBEDC	0.00%	Subordinate mortgage	December 2021	81,224	-	238,046	-
DBEDC	0.00%	Subordinate mortgage	December 2033	123,707	-	123,707	-
				<u>2,885,130</u>	<u>3,419,559</u>	<u>3,041,952</u>	<u>3,161,388</u>
Dudley Terrace							
City of Boston	7.00% **	Mortgage and assignment of all leases and rents.	Note was assumed by Dudley Terrace Apartments during 2020.	-	-	690,000	1,216,703
DHCD	7.00% **	Mortgage and assignment of all leases and rents.	Note was assumed by Dudley Terrace Apartments during 2020.	-	-	500,000	1,309,666
				<u>-</u>	<u>-</u>	<u>1,190,000</u>	<u>2,526,369</u>
Dudley Terrace Apartments							
DND HOME	2.00%	First	June 2051	1,692,529	14,104	-	-
DHCD AHTF	2.00%	First	June 2051	-	-	-	-
DHCD HOME	7.00%	First	June 2051	500,000	14,583	-	-
DHCD- Facilities Consolidation Fund	2.00%	First	June 2051	375,203	3,127	-	-
DND NHT	2.00%	First	June 2051	359,841	260	-	-
				<u>2,927,573</u>	<u>32,074</u>	<u>-</u>	<u>-</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

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

Lender	Interest Rate	Security	Maturity Date	2020		2019	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Brunswick							
MHFA	0.10% on \$1,113,960, 0.0% on remaining	Mortgage	December 2036	1,010,072	1,010	1,099,805	1,100
DHCD	0.00%	Mortgage	August 2046	1,115,475	-	1,115,475	-
City of Boston	5.22%**	Mortgage	July 2038	900,233	394,337	900,233	411,930
MHP	5.00%	Mortgage	August 2055	750,000	559,960	750,000	522,460
DBEDC	5.00% **	Mortgage	December 2021	397,552	370,834	397,552	334,244
DBEDC	5.00% **	Mortgage	December 2021	200,000	178,589	200,000	160,561
DBEDC	7.62%	Mortgage	December 2022	110,540	220,409	110,540	211,986
DBEDC	5.00% **	Mortgage	December 2021	82,503	72,697	82,503	65,306
DBEDC	0.00%	Mortgage	December 2021	5,550	-	12,627	-
				<u>4,571,925</u>	<u>1,797,836</u>	<u>4,668,735</u>	<u>1,707,587</u>
Columbia							
MHFA	0.10%	Mortgage	December 2036	1,154,553	1,190	1,182,864	35,193
City of Boston	4.4% **	Mortgage	July 2038	871,553	332,512	871,553	336,712
DHCD	5.00%	Mortgage	August 2055	750,000	560,501	750,000	523,001
DHCD	0.00%	Mortgage	August 2055	468,891	-	468,891	-
DBEDC	5.00% **	Mortgage	December 2021	376,744	236,932	376,744	207,709
DBEDC	7.62%	Mortgage	December 2022	117,377	194,142	117,377	189,079
DBEDC	5.00% **	Mortgage	December 2021	84,796	72,618	84,796	65,122
				<u>3,823,914</u>	<u>1,397,895</u>	<u>3,852,225</u>	<u>1,356,816</u>
DV North							
City of Boston	6.00% **	Shared third	September 2037	1,238,888	1,276,774	1,238,888	1,135,473
DHCD	0.00%	Shared third	March 2038	901,580	-	901,580	-
DHCD	0.00%	Shared third	March 2058	748,842	-	748,842	-
DHCD	6.5% **	Shared third	March 2058	600,000	848,925	600,000	760,493
DBEDC	6.00% **	Shared fifth	November 2023	300,000	378,271	300,000	339,878
DBEDC	0.00%	Unsecured.	December 2036	79,250	-	79,250	-
DBEDC	6.00% **	Shared fifth	December 2036	49,200	49,800	49,200	44,196
DBEDC	5.00% **	Unsecured	December 2036	28,443	18,113	28,443	15,896
				<u>3,946,203</u>	<u>2,571,883</u>	<u>3,946,203</u>	<u>2,295,936</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2020 and 2019

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

Lender	Interest Rate	Security	Maturity Date	2020		2019	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
DV South							
DHCD	3.00%**	Shared third	March 2038	1,078,477	519,735	1,078,477	473,185
City of Boston	4.90% **	Shared third	September 2037	800,000	660,294	800,000	611,774
DHCD	3.00%**	Shared third	March 2058	750,000	318,547	750,000	307,204
DHCD	6.00%**	Shared third	March 2058	500,000	628,498	500,000	564,620
DBEDC	10.00%**	Fourth	December 2023	300,000	817,907	300,000	716,279
DBEDC	0.00%	Unsecured.	December 2039	126,750	-	126,750	-
DBEDC	10.00%**	Shared fifth	December 2036	114,057	159,180	114,057	173,285
DBEDC	10.00%**	Shared fifth	December 2026	53,300	113,981	53,300	98,774
DBEDC	0.00%	Unsecured.	December 2039	29,628	-	29,628	-
				<u>3,752,212</u>	<u>3,218,142</u>	<u>3,752,212</u>	<u>2,945,121</u>
Quincy Heights							
DHCD	0.00%	Mortgage and an assignment of rents and leases.	November 2044. Payable from net cash flow of the project.	756,443	-	871,686	-
City of Boston	0.00%	Mortgage and an assignment of rents and leases.	June 2040. Payable from net cash flow of the project.	9,205,081	-	10,091,952	-
City of Boston	0.00%	Mortgage	June 2040	1,312,337	-	1,312,337	-
Boston Private	0.00%	Mortgage	May 2028	400,000	-	400,000	-
DBEDC	0.00%	Mortgage	December 2043	432,464	-	432,464	-
				<u>12,106,325</u>	<u>-</u>	<u>13,108,439</u>	<u>-</u>
Cottage Brook							
CBLP	2.61% **	Mortgage	December 2045. Payable from net cash flow of the project.	16,030,030	2,215,234	16,130,834	1,751,145
CBLP	0.00%	Mortgage	December 2045	543,916	-	547,000	-
DBEDC	0.00%	Unsecured	December 2027. Payable from net cash flow of the project.	-	-	973,684	-
DBEDC	2.61% **	Mortgage	December 2045	1,500,000	169,319	1,500,000	126,858
DBEDC	0.00%	Mortgage	December 2045	494,401	-	494,401	-
				<u>18,568,347</u>	<u>2,384,553</u>	<u>19,645,919</u>	<u>1,878,003</u>
Total contingent debt and deferred interest - Rental Properties (see Note 9)				<u>\$ 58,254,118</u>	<u>\$ 18,275,457</u>	<u>\$ 59,289,897</u>	<u>\$ 19,779,609</u>

** Interest is compounded annually

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Rental Properties
December 31, 2020
(With Summarized Comparative Totals as of December 31, 2019)

2020

	Pierce Properties LP	Geneva Apartments LLC	DB Uphams LP	Glendale Associates LP	Dudley Village North Commercial, LLC	DB 618 Dudley Street, LLC	DB 555 Dudley Street, LLC	Wilder Gardens LP	Ceylon Field LP	Dudley Terrace LP	Pearl Companies	150 Magnolia LP
Assets												
Current Assets:												
Cash and cash equivalents	\$ 36,324	\$ 731,819	\$ 579,437	\$ 533,294	\$ 237,200	\$ 227,013	\$ 108,849	\$ 1,222,033	\$ 1,497,691	\$ 285,632	\$ 258,391	\$ 115,201
Tenant and other receivables, net of allowance for doubtful accounts	-	18,476	10,220	23,458	7,795	3,242	5,271	15,747	16,384	-	44,966	21,013
Current portion of escrows and restricted deposits	-	27,993	25,804	85,040	-	6,177	15,727	29,119	78,012	-	-	2,831
Due from affiliates	-	-	-	-	-	-	-	-	-	(17,879)	-	-
Prepaid expenses and other current assets	21,750	38,355	10,790	49,739	-	1,595	3,829	13,739	19,125	-	48,280	16,385
Total current assets	58,074	816,643	626,251	691,531	244,995	238,027	133,676	1,280,638	1,611,212	267,753	351,637	155,430
Other Assets:												
Escrows and restricted deposits, net of current portion	72,661	1,029,158	279,291	789,458	71,381	17,771	135,968	599,423	278,235	-	133,392	217,864
Notes and interest receivable, net of loan loss allowance	-	-	-	-	-	-	-	-	-	-	9,795,800	-
Deferred rental revenue	-	-	-	-	-	-	-	-	-	-	39,168	-
Projects under development	1,994,345	-	-	-	-	-	-	-	-	-	-	-
Capitalized costs, net	-	-	-	-	-	-	-	-	-	-	-	-
Total other assets	2,067,006	1,029,158	279,291	789,458	71,381	17,771	135,968	599,423	278,235	-	9,968,360	217,864
Property and Equipment:												
Land and land improvements	81,000	-	70,000	-	-	21,010	376,800	120,750	143,000	-	527,773	625,939
Buildings and improvements	879,575	640,240	6,072,900	16,802,929	1,459,126	714,855	5,210,871	10,504,422	9,352,286	-	11,501,370	7,288,174
Furniture, fixtures and equipment	4,237	81,381	140,592	922,288	-	11,368	78,933	330,290	404,978	-	907,292	233,071
	964,812	721,621	6,283,492	17,725,217	1,459,126	747,233	5,666,604	10,955,462	9,900,264	-	12,936,435	8,147,184
Less - accumulated depreciation	459,656	343,281	4,957,555	9,603,598	383,021	176,423	1,240,457	7,690,381	7,693,471	-	3,357,123	3,308,320
Net property and equipment	505,156	378,340	1,325,937	8,121,619	1,076,105	570,810	4,426,147	3,265,081	2,206,793	-	9,579,312	4,838,864
Total assets	\$ 2,630,236	\$ 2,224,141	\$ 2,231,479	\$ 9,602,608	\$ 1,392,481	\$ 826,608	\$ 4,695,791	\$ 5,145,142	\$ 4,096,240	\$ 267,753	\$ 19,899,309	\$ 5,212,158
Liabilities and Net Assets												
Current Liabilities:												
Current portion of notes payable	\$ -	\$ -	\$ 59,089	\$ 363,011	\$ 21,355	\$ 5,759	\$ 43,003	\$ 40,977	\$ -	\$ -	\$ 17,669	\$ 42,715
Current portion of contingent debt and deferred interest	-	-	483,788	98,593	-	-	12,456	-	406,805	-	-	45,258
Current portion of due to affiliates	-	-	-	40,281	37,241	-	5,841	-	-	-	-	-
Current portion of accounts payable and accrued expenses	218,333	107,057	77,821	250,139	7,321	36,975	59,661	112,332	109,050	-	142,319	63,540
Total current liabilities	218,333	107,057	620,698	752,024	65,917	42,734	120,961	153,309	515,855	-	159,988	151,513
Long-term Liabilities:												
Accounts payable and accrued expenses, net of current portion	-	-	-	-	-	-	-	-	-	-	226,403	-
Notes payable, net of current portion and unamortized debt issuance costs	-	-	2,246,809	6,043,402	202,125	167,706	1,472,224	1,722,498	-	-	18,906,767	671,066
Due to affiliates, net of current portion	2,324,450	-	-	-	-	-	90,439	-	-	267,752	539,042	11,361
Total long-term liabilities	2,324,450	-	2,246,809	6,043,402	202,125	167,706	1,562,663	1,722,498	-	267,752	19,672,212	682,427
Contingent Debt and Deferred Interest, net of current portion	-	-	1,027,977	992,333	600,968	532,405	2,979,534	-	1,991,145	-	-	6,259,431
Total liabilities	2,542,783	107,057	3,895,484	7,787,759	869,010	742,845	4,663,158	1,875,807	2,507,000	267,752	19,832,200	7,093,371
Net Assets:												
Without donor restrictions:												
Operating	(160,259)	709,586	681,559	401,111	200,433	201,052	(8,527)	1,412,957	1,502,162	1	(516,959)	261,165
Development	(330,105)	-	-	-	-	-	-	-	-	-	-	-
Property and equipment	577,817	1,407,498	(2,345,564)	1,413,738	323,038	(117,289)	41,160	1,856,378	87,078	-	584,068	(2,142,378)
Total without donor restrictions	87,453	2,117,084	(1,664,005)	1,814,849	523,471	83,763	32,633	3,269,335	1,589,240	1	67,109	(1,881,213)
Total net assets	87,453	2,117,084	(1,664,005)	1,814,849	523,471	83,763	32,633	3,269,335	1,589,240	1	67,109	(1,881,213)
Total liabilities and net assets	\$ 2,630,236	\$ 2,224,141	\$ 2,231,479	\$ 9,602,608	\$ 1,392,481	\$ 826,608	\$ 4,695,791	\$ 5,145,142	\$ 4,096,240	\$ 267,753	\$ 19,899,309	\$ 5,212,158

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Rental Properties - Continued
December 31, 2020
(With Summarized Comparative Totals as of December 31, 2019)

	2020							2019	
	Brunswick Holborn Two LP	Columbia Wood Two LP	Dudley Village North LP	Dudley Village South LP	Quincy Heights LP	Cottage Brook Apartments LP	Dudley Terrace Apartments LLC	Total	Total
Assets									
Current Assets:									
Cash and cash equivalents	\$ 180,102	\$ 62,843	\$ 251,509	\$ 131,263	\$ 2,403,725	\$ 1,553,608	\$ 397,229	\$ 10,813,163	\$ 9,386,180
Tenant and other receivables, net of allowance for doubtful accounts	25,795	22,618	10,602	59,024	169,416	99,781	19,344	573,152	410,191
Current portion of escrows and restricted deposits	-	-	45,788	48,464	94,967	121,831	-	581,753	665,530
Due from affiliates	-	-	-	-	-	192,843	17,879	192,843	195,234
Prepaid expenses and other current assets	54,557	51,061	6,656	6,603	156,532	156,774	45,665	701,435	470,632
Total current assets	260,454	136,522	314,555	245,354	2,824,640	2,124,837	480,117	12,862,346	11,127,767
Other Assets:									
Escrows and restricted deposits, net of current portion	644,207	511,092	301,042	213,973	2,550,033	2,657,430	-	10,502,379	10,645,794
Notes and interest receivable, net of loan loss allowance	-	-	-	-	-	-	-	9,795,800	9,795,800
Deferred rental revenue	-	-	-	-	-	-	-	39,168	188,061
Projects under development	-	-	-	-	-	-	2,047,062	4,041,407	1,249,681
Capitalized costs, net	2,933	-	3,560	85,545	98,819	69,300	4,515	264,672	285,002
Total other assets	647,140	511,092	304,602	299,518	2,648,852	2,726,730	2,051,577	24,643,426	22,164,338
Property and Equipment:									
Land and land improvements	927,842	987,282	1,026,144	105,576	1,814,973	3,858,716	792,788	11,479,593	10,985,766
Buildings and improvements	12,136,679	12,242,912	8,174,308	9,796,249	48,839,110	54,107,269	3,622,495	219,345,770	223,239,946
Furniture, fixtures and equipment	266,926	249,560	98,824	67,027	1,162,893	705,893	167,088	5,832,641	5,745,707
	13,331,447	13,479,754	9,299,276	9,968,852	51,816,976	58,671,878	4,582,371	236,658,004	239,971,419
Less - accumulated depreciation	4,387,167	4,529,860	2,575,870	3,128,671	9,552,006	5,903,681	7,258	69,297,799	68,528,032
Net property and equipment	8,944,280	8,949,894	6,723,406	6,840,181	42,264,970	52,768,197	4,575,113	167,360,205	171,443,387
Total assets	\$ 9,851,874	\$ 9,597,508	\$ 7,342,563	\$ 7,385,053	\$ 47,738,462	\$ 57,619,764	\$ 7,106,807	\$ 204,865,977	\$ 204,735,492
Liabilities and Net Assets									
Current Liabilities:									
Current portion of notes payable	\$ 754,604	\$ 79,835	\$ 27,887	\$ 29,916	\$ 562,236	\$ 711,891	\$ -	\$ 2,759,947	\$ 2,136,758
Current portion of contingent debt and deferred interest	1,496,968	920,340	88,625	37,686	1,069,512	1,167,174	-	5,827,205	4,421,946
Current portion of due to affiliates	-	-	-	-	190,839	30,000	417,826	722,028	312,422
Current portion of accounts payable and accrued expenses	79,399	85,753	110,806	162,928	568,761	220,703	1,345,572	3,758,470	2,112,152
Total current liabilities	2,330,971	1,085,928	227,318	230,530	2,391,348	2,129,768	1,763,398	13,067,650	8,983,278
Long-term Liabilities:									
Accounts payable and accrued expenses, net of current portion	-	-	-	-	-	-	-	226,403	-
Notes payable, net of current portion and unamortized debt issuance costs	1,111,837	2,071,160	1,039,276	1,357,440	13,762,197	17,242,324	2,361,049	70,377,880	71,838,677
Due to affiliates, net of current portion	-	-	155,979	-	-	-	285,523	3,674,546	3,559,529
Total long-term liabilities	1,111,837	2,071,160	1,195,255	1,357,440	13,762,197	17,242,324	2,646,572	74,278,829	75,398,206
Contingent Debt and Deferred Interest, net of current portion	4,872,793	4,301,469	6,429,461	6,932,668	11,036,813	19,785,726	2,959,647	70,702,370	74,647,560
Total liabilities	8,315,601	7,458,557	7,852,034	8,520,638	27,190,358	39,157,818	7,369,617	158,048,849	159,029,044
Net Assets:									
Without donor restrictions:									
Operating	634,331	532,090	263,823	190,506	4,338,461	2,098,582	(1,283,281)	11,458,793	12,100,142
Development	-	-	-	-	-	-	-	(330,105)	(392,812)
Property and equipment	901,942	1,606,861	(773,294)	(1,326,091)	16,209,643	16,363,364	1,020,471	35,688,440	33,999,118
Total without donor restrictions	1,536,273	2,138,951	(509,471)	(1,135,585)	20,548,104	18,461,946	(262,810)	46,817,128	45,706,448
Total net assets	1,536,273	2,138,951	(509,471)	(1,135,585)	20,548,104	18,461,946	(262,810)	46,817,128	45,706,448
Total liabilities and net assets	\$ 9,851,874	\$ 9,597,508	\$ 7,342,563	\$ 7,385,053	\$ 47,738,462	\$ 57,619,764	\$ 7,106,807	\$ 204,865,977	\$ 204,735,492

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Rental Properties
December 31, 2019

Assets	Pierce Properties LP	Geneva Apartments LLC	DB Uphams LP	Glendale Associates LP	Dudley Village North Commercial, LLC	DB 618 Dudley Street, LLC	DB 555 Dudley Street, LLC	Wilder Gardens LP	Ceylon Field LP	Dudley Terrace LP	Pearl Companies	150 Magnolia LP
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	37,852	462,117	477,417	691,291	170,279	213,255	144,132	1,154,659	1,448,109	378,815	265,199	250,037
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	1,322,274	826,406	303,866	976,860	71,387	15,559	125,864	507,322	255,365	556,052	10,179,776	213,687
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	530,991	409,082	1,538,037	8,172,852	1,112,583	567,372	4,530,781	3,610,535	2,546,388	3,068,867	10,088,835	4,820,259
Total assets	\$ 1,891,117	\$ 1,697,605	\$ 2,319,320	\$ 9,841,003	\$ 1,354,249	\$ 796,186	\$ 4,800,777	\$ 5,272,516	\$ 4,249,862	\$ 4,003,734	\$ 20,533,810	\$ 5,283,983
Liabilities and Net Assets												
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	38,406	107,454	500,939	766,828	601,069	25,975	102,258	135,564	887,188	99,326	418,895	185,287
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	1,642,493	-	2,301,997	6,399,816	268,116	174,497	1,620,580	1,757,299	-	2,258,751	19,438,810	720,482
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	1,680,899	107,454	4,168,747	8,162,763	869,185	732,877	4,670,299	1,892,863	3,111,398	6,074,446	19,857,705	7,020,765
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	210,218	1,590,151	(1,849,427)	1,678,240	485,064	63,309	130,478	3,379,653	1,138,464	(2,070,712)	676,105	(1,736,782)
Total net assets	210,218	1,590,151	(1,849,427)	1,678,240	485,064	63,309	130,478	3,379,653	1,138,464	(2,070,712)	676,105	(1,736,782)
Total liabilities and net assets	\$ 1,891,117	\$ 1,697,605	\$ 2,319,320	\$ 9,841,003	\$ 1,354,249	\$ 796,186	\$ 4,800,777	\$ 5,272,516	\$ 4,249,862	\$ 4,003,734	\$ 20,533,810	\$ 5,283,983

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Rental Properties - Continued
December 31, 2019

Assets	Brunswick Holborn Two LP	Columbia Wood Two LP	Dudley Village North LP	Dudley Village South LP	Quincy Heights LP	Cottage Brook Apartments LP	Total
Current Assets:							
Cash and cash equivalents	\$ 189,245	\$ 52,976	\$ 182,334	\$ 188,381	\$ 2,280,461	\$ 1,438,661	\$ 9,386,180
Tenant and other receivables, net of allowance for doubtful accounts	12,529	17,365	9,832	2,283	72,885	105,687	410,191
Current portion of escrows and restricted deposits	7,881	34,113	38,587	41,272	153,737	102,170	665,530
Due from affiliates	-	-	-	-	-	195,234	195,234
Prepaid expenses and other current assets	39,171	2,202	5,318	5,281	143,110	113,890	470,632
Total current assets	248,826	106,656	236,071	237,217	2,650,193	1,955,642	11,127,767
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
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	4,892	2,172	4,816	87,723	109,799	75,600	285,002
Total other assets	633,505	513,764	289,545	286,174	2,581,604	2,505,328	22,164,338
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
Buildings and improvements	12,136,679	12,221,441	8,152,933	9,793,506	48,839,110	54,086,214	223,239,946
Furniture, fixtures and equipment	245,947	225,188	98,824	51,584	1,162,893	705,893	5,745,707
	13,310,468	13,433,911	9,289,718	9,950,666	51,816,976	58,650,823	239,971,419
Less - accumulated depreciation	4,058,232	4,191,691	2,351,032	2,867,426	8,110,883	4,426,493	68,528,032
Net property and equipment	9,252,236	9,242,220	6,938,686	7,083,240	43,706,093	54,224,330	171,443,387
Total assets	\$ 10,134,567	\$ 9,862,640	\$ 7,464,302	\$ 7,606,631	\$ 48,937,890	\$ 58,685,300	\$ 204,735,492
Liabilities and Net Assets							
Current Liabilities:							
Current portion of notes payable	\$ 65,016	\$ 74,810	\$ 26,952	\$ 28,102	\$ 549,519	\$ 678,690	\$ 2,136,758
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
Current portion of due to affiliates	-	-	-	-	252,953	20,000	312,422
Accounts payable and accrued expenses	73,038	78,500	127,502	121,601	375,740	234,659	2,112,152
Total current liabilities	235,819	241,578	206,045	189,484	2,230,243	2,010,920	8,983,278
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
Due to affiliates, net of current portion	-	-	155,979	-	-	-	3,559,529
Total long-term liabilities	1,864,128	2,148,437	1,219,194	1,382,053	14,305,351	17,896,202	75,398,206
Contingent Debt and Deferred Interest, net of current portion	6,278,557	5,120,773	6,190,548	6,657,552	12,056,408	20,446,351	74,647,560
Total liabilities	8,378,504	7,510,788	7,615,787	8,229,089	28,592,002	40,353,473	159,029,044
Net Assets:							
Without donor restrictions:							
Operating	626,637	506,901	167,485	223,117	4,349,597	1,925,431	12,100,142
Development	-	-	-	-	-	-	(392,812)
Property and equipment	1,129,426	1,844,951	(318,970)	(845,575)	15,996,291	16,406,396	33,999,118
Total without donor restrictions	1,756,063	2,351,852	(151,485)	(622,458)	20,345,888	18,331,827	45,706,448
Total net assets	1,756,063	2,351,852	(151,485)	(622,458)	20,345,888	18,331,827	45,706,448
Total liabilities and net assets	\$ 10,134,567	\$ 9,862,640	\$ 7,464,302	\$ 7,606,631	\$ 48,937,890	\$ 58,685,300	\$ 204,735,492

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Properties

For the Year Ended December 31, 2020

(With Summarized Comparative Totals for the Year Ended December 31, 2019)

	2020											
	Pierce Properties LP	Geneva Apartments LLC	DB Uphams LP	Glendale Associates LP	Dudley Village North Commercial, LLC	DB 618 Dudley Street, LLC	DB 555 Dudley Street, LLC	Wilder Gardens LP	Ceylon Field LP	Dudley Terrace LP	Pearl Companies	150 Magnolia LP
Net Assets Without Donor Restrictions:												
Operating revenues:												
Rental income, net	\$ 64,160	\$ 1,382,559	\$ 1,168,365	\$ 2,616,498	\$ 93,536	\$ 105,960	\$ 375,385	\$ 1,994,101	\$ 2,069,311	\$ 594,133	\$ 967,693	\$ 485,960
Interest income and other	2	12,993	1,189	839	53	1,053	912	7,840	1,194	10,667	140,792	2,573
Total operating revenues	64,162	1,395,552	1,169,554	2,617,337	93,589	107,013	376,297	2,001,941	2,070,505	604,800	1,108,485	488,533
Operating expenses:												
Personnel and related costs:												
Consulting and contract labor	-	200,474	90,647	392,757	-	7,660	23,638	155,827	115,717	68,102	32,057	60,058
Occupancy:												
Interest	-	-	125,363	136,726	10,149	10,851	67,236	97,106	-	62,229	498,858	42,871
Utilities	42,669	141,119	107,493	252,405	900	8,026	30,457	201,579	150,953	54,340	183,988	90,327
Contracted services	3,320	103,106	72,085	272,083	-	3,159	26,505	105,030	142,366	77,844	62,518	89,887
Real estate taxes	38,534	35,953	39,647	135,775	-	8,296	50,877	64,869	82,859	36,339	50,068	20,446
Repairs and maintenance	52,867	118,605	38,605	171,690	-	9,270	33,115	44,915	75,374	19,939	52,940	12,304
Insurance	-	48,549	22,915	78,753	-	2,456	7,873	29,217	31,256	28,371	34,361	16,022
Rent	-	-	-	-	1,200	-	-	-	-	-	-	-
Total occupancy	137,390	447,332	406,108	1,047,432	12,249	42,058	216,063	542,716	482,808	279,062	882,733	271,857
Other:												
Professional fees	-	20,182	13,617	42,947	-	10,667	19,498	16,494	20,802	10,684	4,200	940
Management fees	7,020	55,302	24,517	118,237	-	2,390	12,513	58,200	41,634	16,710	66,170	12,500
Bad debts	4,850	4,345	620	1,179	-	3,652	2,687	14,143	886	-	208,494	8,252
Office	9,834	39,011	16,381	73,948	-	1,145	5,971	30,534	27,207	28,356	12,273	7,671
Miscellaneous	1,998	4,628	3,440	4,860	423	50	168	6,235	3,996	1,041	2,031	1,984
Tenant services	-	12,000	16,382	160,809	-	-	3,650	69,967	72,059	18,906	-	-
Total other	23,702	135,468	74,957	401,980	423	17,904	44,487	195,573	166,584	75,697	293,168	31,347
Total operating expenses	161,092	783,274	571,712	1,842,169	12,672	67,622	284,188	894,116	765,109	422,861	1,207,958	363,262
Changes in net assets without donor restrictions from operations before depreciation and amortization	(96,930)	612,278	597,842	775,168	80,917	39,391	92,109	1,107,825	1,305,396	181,939	(99,473)	125,271
Depreciation and amortization	25,835	30,742	236,231	501,592	36,478	18,937	145,733	418,744	369,226	179,542	509,523	197,391
Changes in net assets without donor restrictions from operations	(122,765)	581,536	361,611	273,576	44,439	20,454	(53,624)	689,081	936,170	2,397	(608,996)	(72,120)
Non-operating revenues (expenses):												
Forgiveness of debt	-	-	-	-	-	-	-	-	-	1,625,581	-	-
Capital grants	-	-	-	-	-	-	-	-	-	-	-	185,860
Forgiveness of related party advances	-	-	-	-	-	-	-	-	-	101,153	-	-
Insurance gains (losses)	-	-	-	-	-	-	-	-	-	-	-	-
Incentive and supplemental management fees	-	-	(30,000)	(40,281)	-	-	-	(216,362)	(148,364)	(51,822)	-	-
Deferred interest	-	-	(146,189)	(96,686)	(6,032)	-	(44,221)	-	(183,046)	(151,752)	-	(258,171)
Total non-operating revenues (expenses)	-	-	(176,189)	(136,967)	(6,032)	-	(44,221)	(216,362)	(331,410)	1,523,160	-	(72,311)
Changes in net assets without donor restrictions	\$ (122,765)	\$ 581,536	\$ 185,422	\$ 136,609	\$ 38,407	\$ 20,454	\$ (97,845)	\$ 472,719	\$ 604,760	\$ 1,525,557	\$ (608,996)	\$ (144,431)

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Properties - Continued
For the Year Ended December 31, 2020
(With Summarized Comparative Totals for the Year Ended December 31, 2019)

	2020							2019	
	Brunswick Holborn Two LP	Columbia Wood Two LP	Dudley Village North LP	Dudley Village South LP	Quincy Heights LP	Cottage Brook Apartments LP	Dudley Terrace Apartments LLC	Total	
Net Assets Without Donor Restrictions:									
Operating revenues:									
Rental income, net	\$ 949,455	\$ 996,040	\$ 503,342	\$ 541,213	\$ 4,929,066	\$ 4,875,168	\$ 410,163	\$ 25,122,108	\$ 23,576,616
Interest income and other	6,118	6,978	1,660	1,104	67,228	37,806	830	301,831	488,424
Total operating revenues	955,573	1,003,018	505,002	542,317	4,996,294	4,912,974	410,993	25,423,939	24,065,040
Operating expenses:									
Personnel and related costs:									
Consulting and contract labor	123,031	117,442	59,066	62,470	401,323	488,827	63,336	2,462,432	2,355,543
Occupancy:									
Interest	116,912	134,069	36,911	75,645	413,605	769,009	5,610	2,603,150	2,700,284
Utilities	109,050	129,662	59,945	51,641	356,974	419,396	33,471	2,424,395	2,361,083
Contracted services	77,159	111,580	40,074	57,169	230,298	308,134	67,396	1,849,713	2,106,332
Real estate taxes	39,255	44,839	42,563	45,703	237,322	191,769	19,625	1,184,739	1,158,724
Repairs and maintenance	16,737	14,761	33,048	32,098	91,690	47,908	15,057	880,923	1,047,946
Insurance	53,405	50,158	16,221	15,502	152,904	152,859	16,554	757,376	648,630
Rent	4,738	3,744	4,875	6,352	-	-	-	20,909	20,182
Total occupancy	417,256	488,813	233,637	284,110	1,482,793	1,889,075	157,713	9,721,205	10,043,181
Other:									
Professional fees	17,921	23,085	15,020	15,784	31,294	25,637	27,379	316,151	378,291
Management fees	37,458	39,397	15,265	16,537	280,327	144,805	10,722	959,704	961,052
Bad debts	22,364	19,602	-	8,645	58,127	59,478	35,419	452,743	162,239
Office	23,354	18,620	12,150	12,183	62,256	88,199	19,083	488,176	413,218
Miscellaneous	1,583	2,444	904	442	43,595	30,260	8,065	118,147	114,033
Tenant services	26,400	26,400	13,088	14,127	108,000	60,908	-	602,696	606,107
Total other	129,080	129,548	56,427	67,718	583,599	409,287	100,668	2,937,617	2,634,940
Total operating expenses	669,367	735,803	349,130	414,298	2,467,715	2,787,189	321,717	15,121,254	15,033,664
Changes in net assets without donor restrictions from operations before depreciation and amortization	286,206	267,215	155,872	128,019	2,528,579	2,125,785	89,276	10,302,685	9,031,376
Depreciation and amortization	330,893	340,341	237,911	263,425	1,452,103	1,483,488	7,287	6,785,422	6,860,813
Changes in net assets without donor restrictions from operations	(44,687)	(73,126)	(82,039)	(135,406)	1,076,476	642,297	81,989	3,517,263	2,170,563
Non-operating revenues (expenses):									
Forgiveness of debt	-	-	-	-	-	-	-	1,625,581	-
Capital grants	-	-	-	-	-	-	-	185,860	-
Forgiveness of related party advances	-	-	-	-	-	-	-	101,153	-
Insurance gains (losses)	-	-	-	(25,000)	-	-	-	(25,000)	23,676
Incentive and supplemental management fees	-	-	-	-	(122,988)	(5,628)	-	(615,445)	(636,724)
Deferred interest	(175,103)	(139,775)	(275,947)	(352,721)	-	(506,550)	(32,074)	(2,368,267)	(2,435,574)
Total non-operating revenues (expenses)	(175,103)	(139,775)	(275,947)	(377,721)	(122,988)	(512,178)	(32,074)	(1,096,118)	(3,048,622)
Changes in net assets without donor restrictions	\$ (219,790)	\$ (212,901)	\$ (357,986)	\$ (513,127)	\$ 953,488	\$ 130,119	\$ 49,915	\$ 2,421,145	\$ (878,059)

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Properties
For the Year Ended December 31, 2019

	Pierce Properties LP	Geneva Apartments LLC	DB Uphams LP	Glendale Associates LP	Dudley Village North Commercial, LLC	DB 618 Dudley Street, LLC	DB 555 Dudley Street, LLC	Wilder Gardens LP	Ceylon Field LP	Dudley Terrace LP	Pearl Companies	150 Magnolia LP
Net Assets Without Donor Restrictions:												
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	49,570
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	282,256
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
Bad debts	-	1,105	138	856	-	1,393	1,851	1,193	379	6,240	103,062	-
Office	659	31,742	14,796	56,548	-	285	4,520	25,908	24,320	23,068	14,087	19,050
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	388,372
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	128,693
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	190,401
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):												
Insurance gains	-	-	-	-	-	-	-	-	-	-	-	-
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

	Brunswick Holborn Two LP	Columbia Wood Two LP	Dudley Village North LP	Dudley Village South LP	Quincy Heights LP	Cottage Brook Apartments LP	Total
Net Assets Without Donor Restrictions:							
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	2,700,284
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	10,043,181
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
Bad debts	510	2,705	-	14,717	17,125	10,965	162,239
Office	35,518	19,610	9,790	9,879	50,812	72,626	413,218
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	15,033,664
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	9,031,376
Depreciation and amortization	328,935	333,103	236,524	261,631	1,437,263	1,482,065	6,860,813
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):							
Insurance gains	-	23,676	-	-	-	-	23,676
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 Statements of Changes in Net Assets - Rental Properties
For the Years Ended December 31, 2020 and 2019

	Pierce Properties LP	Geneva Apartments LLC	DB Uphams LP	Glendale Associates LP	Dudley Village North Commercial, LLC	DB 618 Dudley Street, LLC	DB 555 Dudley Street, LLC	Wilder Gardens LP	Ceylon Field LP	Dudley Terrace LP	Pearl Companies	150 Magnolia LP
Net Assets, December 31, 2018	\$ 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)	-	-	-	-
Net Assets, December 31, 2019	210,218	1,590,151	(1,849,427)	1,678,240	485,064	63,309	130,478	3,379,653	1,138,464	(2,070,712)	676,105	(1,736,782)
Changes in net assets	(122,765)	581,536	185,422	136,609	38,407	20,454	(97,845)	472,719	604,760	1,525,557	(608,996)	(144,431)
Capital contributions	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	(54,603)	-	-	-	-	-	(583,037)	(153,984)	-	-	-
Syndication costs	-	-	-	-	-	-	-	-	-	-	-	-
Syndication of Dudley Terrace Apartments LLC	-	-	-	-	-	-	-	-	-	545,156	-	-
Net Assets, December 31, 2020	<u>\$ 87,453</u>	<u>\$ 2,117,084</u>	<u>\$ (1,664,005)</u>	<u>\$ 1,814,849</u>	<u>\$ 523,471</u>	<u>\$ 83,763</u>	<u>\$ 32,633</u>	<u>\$ 3,269,335</u>	<u>\$ 1,589,240</u>	<u>\$ 1</u>	<u>\$ 67,109</u>	<u>\$ (1,881,213)</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, 2020 and 2019

	Brunswick Holborn Two LP	Columbia Wood Two LP	Dudley Village North LP	Dudley Village South LP	Quincy Heights LP	Cottage Brook Apartments LP	Dudley Terrace Apartments LLC	Total
Net Assets, December 31, 2018	\$ 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)
Net Assets, December 31, 2019	1,756,063	2,351,852	(151,485)	(622,458)	20,345,888	18,331,827	-	45,706,448
Changes in net assets	(219,790)	(212,901)	(357,986)	(513,127)	953,488	130,119	49,915	2,421,145
Capital contributions	-	-	-	-	-	-	474,204	474,204
Distributions	-	-	-	-	(751,272)	-	-	(1,542,896)
Syndication costs	-	-	-	-	-	-	(8,825)	(8,825)
Syndication of Dudley Terrace Apartments LLC	-	-	-	-	-	-	(778,104)	(232,948)
Net Assets, December 31, 2020	<u>\$ 1,536,273</u>	<u>\$ 2,138,951</u>	<u>\$ (509,471)</u>	<u>\$ (1,135,585)</u>	<u>\$ 20,548,104</u>	<u>\$ 18,461,946</u>	<u>\$ (262,810)</u>	<u>\$ 46,817,128</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statements of Financial Position - Loan Programs
December 31, 2020 and 2019

Assets	2020				2019			
	Loan Programs				Loan Programs			
	DBEDC	DBNLF	BHSC	Total	DBEDC	DBNLF	BHSC	Total
Current Assets:								
Cash and cash equivalents	\$ -	\$ 43,122	\$ -	\$ 43,122	\$ -	\$ 43,122	\$ 1,776	\$ 44,898
Grants receivable	-	94,366	-	94,366	-	184,346	-	184,346
Due from affiliates	(256,512)	256,512	-	-	-	-	-	-
Current portion of notes and interest receivable	-	212,679	26,482	239,161	-	147,393	25,776	173,169
Total current assets	(256,512)	606,679	26,482	376,649	-	374,861	27,552	402,413
Other Assets:								
Escrows and restricted deposits	-	824,428	333,205	1,157,633	-	669,097	308,645	977,742
Notes and interest receivable, net of current portion and loan loss allowance	-	69,267	88,374	157,641	-	290,539	190,077	480,616
Total other assets	-	893,695	421,579	1,315,274	-	959,636	498,722	1,458,358
Total assets	\$ (256,512)	\$ 1,500,374	\$ 448,061	\$ 1,691,923	\$ -	\$ 1,334,497	\$ 526,274	\$ 1,860,771
Liabilities and Net Assets								
Current Liabilities:								
Current portion of notes payable	\$ -	\$ 93,303	\$ -	\$ 93,303	\$ -	\$ 89,216	\$ -	\$ 89,216
Long-term Liabilities:								
Notes payable, net of current portion and unamortized debt issuance costs	-	522,380	-	522,380	-	324,689	-	324,689
Contingent Debt and Deferred Interest	8,800	45,000	-	53,800	8,800	45,000	-	53,800
Total liabilities	8,800	660,683	-	669,483	8,800	458,905	-	467,705
Net Assets (as restated):								
Without donor restrictions:								
Operating	(265,312)	375,880	(38,185)	72,383	(8,800)	568,041	(30,213)	529,028
With donor restrictions	-	463,811	486,246	950,057	-	307,551	556,487	864,038
Total net assets	(265,312)	839,691	448,061	1,022,440	(8,800)	875,592	526,274	1,393,066
Total liabilities and net assets	\$ (256,512)	\$ 1,500,374	\$ 448,061	\$ 1,691,923	\$ -	\$ 1,334,497	\$ 526,274	\$ 1,860,771

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statements of Activities - Loan Programs
For the Years Ended December 31, 2020 and 2019

	2020				2019			
	Loan Programs				Loan Programs			
	DBEDC	DBNLF	BHSC	Total	DBEDC	DBNLF	BHSC	Total
Net Assets Without Donor Restrictions:								
Operating revenues:								
Support:								
Grants, contracts and contributions	\$ -	\$ 271,537	\$ -	\$ 271,537	\$ -	\$ 316,116	\$ -	\$ 316,116
Net assets released from purpose restrictions	-	137,551	82,896	220,447	-	-	-	-
Total support	-	409,088	82,896	491,984	-	316,116	-	316,116
Fee income and other:								
Interest income and other	-	44,779	-	44,779	-	30,594	-	30,594
Resident and program service fees	-	18,267	-	18,267	-	21,833	-	21,833
Total fee income and other	-	63,046	-	63,046	-	52,427	-	52,427
Total operating revenues	-	472,134	82,896	555,030	-	368,543	-	368,543
Operating expenses:								
Loan Programs	4,570	990,762	90,868	1,086,200	3,130	718,519	3,310	724,959
General and Administrative	2,112	327,340	-	329,452	180,649	-	-	180,649
Total operating expenses	6,682	1,318,102	90,868	1,415,652	183,779	718,519	3,310	905,608
Changes in net assets without donor restrictions from operations	(6,682)	(845,968)	(7,972)	(860,622)	(183,779)	(349,976)	(3,310)	(537,065)
Non-operating expense:								
Loss on disposal of capital costs	-	-	-	-	-	(13,551)	-	(13,551)
Changes in net assets without donor restrictions	(6,682)	(845,968)	(7,972)	(860,622)	(183,779)	(363,527)	(3,310)	(550,616)
Net Assets With Donor Restrictions:								
Grants	-	293,811	-	293,811	-	115,000	-	115,000
Mortgage loan and bank interest	-	-	12,655	12,655	-	-	20,433	20,433
Net assets released from restrictions	-	(137,551)	(82,896)	(220,447)	-	-	-	-
Changes in net assets with donor restrictions	-	156,260	(70,241)	86,019	-	115,000	20,433	135,433
Changes in net assets	\$ (6,682)	\$ (689,708)	\$ (78,213)	\$ (774,603)	\$ (183,779)	\$ (248,527)	\$ 17,123	\$ (415,183)

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statements of Changes in Net Assets - Loan Programs
For the Years Ended December 31, 2020 and 2019

	Loan Programs			Total
	DBEDC	DBNLF	BHSC	
Net Assets , December 31, 2018, as restated	\$ 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
Net Assets , December 31, 2019, as restated	(8,800)	875,592	526,274	1,393,066
Changes in net assets	(6,682)	(689,708)	(78,213)	(774,603)
Net asset transfers	(249,830)	653,807	-	403,977
Net Assets , December 31, 2020	<u>\$ (265,312)</u>	<u>\$ 839,691</u>	<u>\$ 448,061</u>	<u>\$ 1,022,440</u>