



AND AFFILIATES

**CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

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December 31, 2021 and 2020

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Independent Auditor's Report

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

Opinion

We have audited the consolidating financial statements of Dorchester Bay Economic Development Corporation (a Massachusetts nonprofit corporation) and its Affiliates (collectively, the Agency), which comprise the consolidating statements of financial position as of December 31, 2021 and 2020, 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.

In our opinion, the accompanying consolidating financial statements present fairly, in all material respects, the consolidating financial position of Dorchester Bay Economic Development Corporation and Affiliates as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of certain rental properties, which statements reflect total assets constituting 75% and 69% of consolidating total assets at December 31, 2021 and 2020, respectively, and total revenues constituting 82% and 83% of consolidating operating revenues for the years ended December 31, 2021 and 2020, respectively. Those statements were audited by other auditors, whose report has 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 report of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidating Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidating Financial Statements

Management is responsible for the preparation and fair presentation of the consolidating financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidating financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern within one year after the date that the consolidating financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidating Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidating financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidating financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidating financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidating financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidating financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 54 through 66 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 2021, 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, Indigo Properties, 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 2020, the information related to Pierce Properties Limited Partnership, DB 618 Dudley Street LLC, Dudley Village North Commercial LLC, 150 Magnolia Limited Partnership, DB 555 Dudley Street, LLC, Dudley Terrace Limited Partnership, 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.

Supplementary Information (Continued)

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, Dudley Village North Commercial LLC, Dudley Terrace Limited Partnership, 150 Magnolia Limited Partnership, DB 555 Dudley Street, LLC, Indigo Properties, and Pearl Companies, during 2021 and 2020, 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 17, 2022

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Consolidating Statement of Financial Position
December 31, 2021
(With Summarized Comparative Totals as of December 31, 2020)

	2021							2020
	Dorchester Bay							
	Operating	Loan Programs (Exhibit D)	Project Development	Total Dorchester Bay	Rental (Exhibit A)	Eliminations	Total	Total
Assets								
Current Assets:								
Cash and cash equivalents	\$ 9,428,159	\$ 43,122	\$ 287,588	\$ 9,758,869	\$ 10,715,679	\$ -	\$ 20,474,548	\$ 15,486,341
Grants receivable	579,293	151,909	-	731,202	-	-	731,202	112,966
Tenant and other receivables, net of allowance for doubtful accounts	5,784	-	446,845	452,629	684,376	-	1,137,005	601,035
Current portion of escrows and restricted deposits	-	-	-	-	881,156	-	881,156	581,753
Current portion of due from affiliates, net of valuation allowance	1,200	-	839,141	840,341	192,843	(1,033,184)	-	-
Current portion of notes and interest receivable	-	295,159	-	295,159	-	-	295,159	239,161
Notes and interest receivable from related parties	-	-	2,354,845	2,354,845	-	(2,354,845)	-	-
Property held for sale	-	-	-	-	6,947,942	-	6,947,942	-
Current portion of investments in affiliates, net of allowance	876,271	-	-	876,271	-	(876,271)	-	-
Prepaid expenses and other current assets	51,174	-	1,719	52,893	678,649	-	731,542	806,096
Total current assets	10,941,881	490,190	3,930,138	15,362,209	20,100,645	(4,264,300)	31,198,554	17,827,352
Other Assets:								
Escrows and restricted deposits, net of current portion	3,497,500	1,143,935	18,506	4,659,941	17,255,813	-	21,915,754	20,227,650
Notes and interest receivable, net of current portion and loan loss allowance	-	406,706	7,221,724	7,628,430	-	-	7,628,430	17,175,165
Deferred rental revenue	-	-	-	-	-	-	-	39,168
Projects under development	-	-	3,295,890	3,295,890	3,952,840	-	7,248,730	30,237,922
Due from affiliates, net of current portion and valuation allowance	-	-	1,692,365	1,692,365	-	(1,692,365)	-	-
Investments in affiliates, net	-	-	627,577	627,577	-	(627,577)	-	-
Capitalized costs, net	-	-	-	-	257,383	-	257,383	264,672
Total other assets	3,497,500	1,550,641	12,856,062	17,904,203	21,466,036	(2,319,942)	37,050,297	67,944,577
Property and Equipment:								
Land and land improvements	-	-	7,009,120	7,009,120	12,932,253	-	19,941,373	20,138,713
Buildings and improvements	132,549	-	160,980	293,529	223,624,327	(16,934,517)	206,983,339	202,742,984
Furniture, fixtures and equipment	214,491	-	-	214,491	5,159,335	-	5,373,826	6,047,132
	347,040	-	7,170,100	7,517,140	241,715,915	(16,934,517)	232,298,538	228,928,829
Less - accumulated depreciation	305,724	-	91,005	396,729	71,593,215	(2,061,793)	69,928,151	68,013,637
Net property and equipment	41,316	-	7,079,095	7,120,411	170,122,700	(14,872,724)	162,370,387	160,915,192
Total assets	\$ 14,480,697	\$ 2,040,831	\$ 23,865,295	\$ 40,386,823	\$ 211,689,381	\$ (21,456,966)	\$ 230,619,238	\$ 246,687,121
Liabilities, Net Assets and Non-Controlling Interests								
Current Liabilities:								
Current portion of notes payable	\$ 200,000	\$ 95,305	\$ 1,435,886	\$ 1,731,191	\$ 7,810,913	\$ (5,247)	\$ 9,536,857	\$ 3,479,830
Current portion of contingent debt and deferred interest	-	-	274,991	274,991	6,517,684	(2,091,611)	4,701,064	4,278,084
Current portion of due to affiliates	-	-	192,843	192,843	840,341	(1,033,184)	-	-
Current portion of accounts payable and accrued expenses	238,873	377	546,204	785,454	3,604,737	(257,987)	4,132,204	4,027,057
Total current liabilities	438,873	95,682	2,449,924	2,984,479	18,773,675	(3,388,029)	18,370,125	11,784,971
Long-term Liabilities:								
Accounts payable and accrued expenses, net of current portion	-	-	366,471	366,471	696,506	-	1,062,977	4,568,450
Notes payable, net of current portion and unamortized debt issuance costs	70,000	422,043	9,683,771	10,175,814	74,032,485	(401,553)	83,806,746	98,910,371
Due to affiliates, net of current portion	-	-	-	-	4,697,256	(4,697,256)	-	-
Total long-term liabilities	70,000	422,043	10,050,242	10,542,285	79,426,247	(5,098,809)	84,869,723	103,478,821
Contingent Debt and Deferred Interest, net of current portion	-	53,800	585,000	638,800	67,407,240	(28,786,062)	39,259,978	48,603,193
Total liabilities	508,873	571,525	13,085,166	14,165,564	165,607,162	(37,272,900)	142,499,826	163,866,985
Net Assets and Non-Controlling Interests:								
Without donor restrictions:								
Operating	9,989,129	396,938	2,474,047	12,860,114	17,659,389	-	30,519,503	16,604,515
Development	3,497,500	-	5,803,837	9,301,337	136,846	-	9,438,183	9,763,356
Property and equipment	41,316	-	-	41,316	28,285,984	(28,948,559)	(621,259)	9,966,943
Board designated	359,940	-	-	359,940	-	-	359,940	360,062
Total without donor restrictions	13,887,885	396,938	8,277,884	22,562,707	46,082,219	(28,948,559)	39,696,367	36,694,876
With donor restrictions	83,939	1,072,368	2,502,245	3,658,552	-	-	3,658,552	1,651,966
Total Dorchester Bay's consolidated net assets	13,971,824	1,469,306	10,780,129	26,221,259	46,082,219	(28,948,559)	43,354,919	38,346,842
Non-controlling interests	-	-	-	-	-	44,764,493	44,764,493	44,473,294
Total net assets and non-controlling interests	13,971,824	1,469,306	10,780,129	26,221,259	46,082,219	15,815,934	88,119,412	82,820,136
Total liabilities, net assets and non-controlling interests	\$ 14,480,697	\$ 2,040,831	\$ 23,865,295	\$ 40,386,823	\$ 211,689,381	\$ (21,456,966)	\$ 230,619,238	\$ 246,687,121

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, 2020

Assets	Dorchester Bay				Rental (Exhibit A)	Eliminations	Total
	Operating	Loan Programs (Exhibit D)	Project Development	Total Dorchester Bay			
Current Assets:							
Cash and cash equivalents	\$ 3,937,003	\$ 43,122	\$ 693,053	\$ 4,673,178	\$ 10,813,163	\$ -	\$ 15,486,341
Grants receivable	18,600	94,366	-	112,966	-	-	112,966
Tenant and other receivables, net of allowance for doubtful accounts	22,498	-	5,385	27,883	573,152	-	601,035
Current portion of escrows and restricted deposits	-	-	-	-	581,753	-	581,753
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
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
Total current assets	4,061,494	376,649	3,265,846	7,703,989	12,862,346	(2,738,983)	17,827,352
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
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
Deferred rental revenue	-	-	-	-	39,168	-	39,168
Projects under development	-	-	26,327,561	26,327,561	4,041,407	(131,046)	30,237,922
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
Total other assets	1,500,000	1,315,274	42,436,138	45,251,412	24,643,426	(1,950,261)	67,944,577
Property and Equipment:							
Land and land improvements	-	-	8,659,120	8,659,120	11,479,593	-	20,138,713
Buildings and improvements	132,549	-	160,980	293,529	219,345,770	(16,896,315)	202,742,984
Furniture, fixtures and equipment	214,491	-	-	214,491	5,832,641	-	6,047,132
	347,040	-	8,820,100	9,167,140	236,658,004	(16,896,315)	228,928,829
Less - accumulated depreciation	284,585	-	80,687	365,272	69,297,799	(1,649,434)	68,013,637
Net property and equipment	62,455	-	8,739,413	8,801,868	167,360,205	(15,246,881)	160,915,192
Total assets	\$ 5,623,949	\$ 1,691,923	\$ 54,441,397	\$ 61,757,269	\$ 204,865,977	\$ (19,936,125)	\$ 246,687,121
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
Current portion of contingent debt and deferred interest	-	-	274,991	274,991	5,827,205	(1,824,112)	4,278,084
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
Total current liabilities	466,540	93,303	901,553	1,461,396	13,067,650	(2,744,075)	11,784,971
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
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
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
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
Total liabilities	927,140	669,483	42,846,980	44,443,603	158,048,849	(38,625,467)	163,866,985
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
Development	1,500,000	-	8,593,461	10,093,461	(330,105)	-	9,763,356
Property and equipment	62,455	-	-	62,455	35,688,440	(25,783,952)	9,966,943
Board designated	360,062	-	-	360,062	-	-	360,062
Total without donor restrictions	4,521,809	72,383	11,067,508	15,661,700	46,817,128	(25,783,952)	36,694,876
With donor restrictions	175,000	950,057	526,909	1,651,966	-	-	1,651,966
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
Non-controlling interests	-	-	-	-	-	44,473,294	44,473,294
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
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

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, 2021
(With Summarized Comparative Totals for the Year Ended December 31, 2020)

	2021						2020
	Dorchester Bay						
	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	\$ 61,230	\$ 906,445	\$ 184,746	\$ 1,152,421	\$ -	\$ -	\$ 1,152,421
Special event	261,349	-	-	261,349	-	-	261,349
Net assets released from purpose restrictions	100,000	168,644	65,133	333,777	-	-	333,777
Total support	422,579	1,075,089	249,879	1,747,547	-	-	1,747,547
Fee income and other:							
Rental income, net	48,189	-	150,510	198,699	25,900,211	(57,250)	26,041,660
Interest income and other	13,227	39,172	2,217,623	2,270,022	167,982	(1,867,957)	570,047
Developer fees	-	-	575,508	575,508	-	(38,201)	537,307
Resident and program service fees	3,066,099	5,428	3,557,424	6,628,951	-	(6,618,523)	10,428
Total fee income and other	3,127,515	44,600	6,501,065	9,673,180	26,068,193	(8,581,931)	27,159,442
Total operating revenues	3,550,094	1,119,689	6,750,944	11,420,727	26,068,193	(8,581,931)	28,906,989
Operating expenses:							
Community Services	714,143	-	-	714,143	-	-	714,143
Asset Management	246,127	-	-	246,127	-	-	246,127
Loan Programs	-	863,057	-	863,057	-	-	863,057
Project Development	-	-	1,460,262	1,460,262	-	-	1,460,262
Rental	-	-	-	-	15,892,161	(631,858)	15,260,303
General and Administrative	331,713	317,131	540,365	1,189,209	-	(57,250)	1,131,959
Fundraising	387,970	-	-	387,970	-	-	387,970
Total operating expenses	1,679,953	1,180,188	2,000,627	4,860,768	15,892,161	(689,108)	20,063,821
Changes in net assets without donor restrictions from operations before depreciation and amortization	1,870,141	(60,499)	4,750,317	6,559,959	10,176,032	(7,892,823)	8,843,168
Depreciation and amortization	21,139	-	10,318	31,457	6,447,691	(412,358)	6,066,790
Changes in net assets without donor restrictions from operations	1,849,002	(60,499)	4,739,999	6,528,502	3,728,341	(7,480,465)	2,776,378
Non-operating revenues (expenses):							
Forgiveness of debt	463,671	-	-	463,671	3,819,702	-	4,283,373
Capital grants	-	-	600,000	600,000	-	-	600,000
Recovery of bad debt	-	136,908	-	136,908	-	-	136,908
Forgiveness (write-off) of related party advances	-	-	-	-	355,972	(355,972)	-
Recovery of notes receivable and due from affiliates	-	-	1,972,056	1,972,056	-	(1,972,056)	-
Recovery of investment in affiliate	-	-	984,618	984,618	-	(984,618)	-
Amounts invested in projects under development	-	-	(1,579,912)	(1,579,912)	-	1,579,912	-
Insurance losses	-	-	-	-	(40,970)	-	(40,970)
Forgiveness of deferred rental receivable	-	-	-	-	(46,511)	-	(46,511)
Incentive and supplemental management fees	-	-	-	-	(565,335)	432,861	(132,474)
Loss on write-off of financing fees	-	-	-	-	(446,637)	-	(446,637)
Deferred interest	-	-	-	-	(2,245,491)	1,195,230	(1,050,261)
Loss on impairment	-	-	-	-	(2,210,296)	-	(2,210,296)
Total non-operating revenues (expenses)	463,671	136,908	1,976,762	2,577,341	(1,379,566)	(104,643)	1,093,132
Changes in net assets without donor restrictions	2,312,673	76,409	6,716,761	9,105,843	2,348,775	(7,585,108)	3,869,510
Net Assets With Donor Restrictions:							
Grants	8,939	444,154	1,880,969	2,334,062	-	-	2,334,062
Mortgage loan and bank interest	-	6,301	-	6,301	-	-	6,301
Net assets released from restrictions	(100,000)	(168,644)	(65,133)	(333,777)	-	-	(333,777)
Changes in net assets with donor restrictions	(91,061)	281,811	1,815,836	2,006,586	-	-	2,006,586
Changes in net assets	2,221,612	358,220	8,532,597	11,112,429	2,348,775	(7,585,108)	5,876,096
Changes in Net Assets Attributable to Non-Controlling Interests	-	-	-	-	(501,204)	-	(501,204)
Changes in net assets attributable to Dorchester Bay	\$ 2,221,612	\$ 358,220	\$ 8,532,597	\$ 11,112,429	\$ 1,847,571	\$ (7,585,108)	\$ 5,374,892
							\$ 2,423,917

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

	Dorchester Bay				Rental (Exhibit B)	Eliminations	Total
	Operating	Loan Programs (Exhibit E)	Project Development	Total Dorchester Bay			
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	<u>314,294</u>	<u>491,984</u>	<u>238,696</u>	<u>1,044,974</u>	<u>-</u>	<u>-</u>	<u>1,044,974</u>
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	<u>3,382,835</u>	<u>63,046</u>	<u>2,279,400</u>	<u>5,725,281</u>	<u>25,423,939</u>	<u>(4,945,002)</u>	<u>26,204,218</u>
Total operating revenues	<u>3,697,129</u>	<u>555,030</u>	<u>2,518,096</u>	<u>6,770,255</u>	<u>25,423,939</u>	<u>(4,945,002)</u>	<u>27,249,192</u>
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	(823,634)	14,297,620
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	<u>1,495,257</u>	<u>1,415,652</u>	<u>2,381,740</u>	<u>5,292,649</u>	<u>15,121,254</u>	<u>(880,318)</u>	<u>19,533,585</u>
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	(4,064,684)	7,715,607
Depreciation and amortization	<u>26,785</u>	<u>-</u>	<u>9,668</u>	<u>36,453</u>	<u>6,785,422</u>	<u>(412,358)</u>	<u>6,409,517</u>
Changes in net assets without donor restrictions from operations	<u>2,175,087</u>	<u>(860,622)</u>	<u>126,688</u>	<u>1,441,153</u>	<u>3,517,263</u>	<u>(3,652,326)</u>	<u>1,306,090</u>
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)	-
Recovery of notes receivable and due from affiliates	-	-	706,872	706,872	-	(706,872)	-
Insurance losses	-	-	-	-	(25,000)	-	(25,000)
Incentive and supplemental management fees	-	-	-	-	(615,445)	486,829	(128,616)
Amounts invested in projects under development	-	-	(924,202)	(924,202)	-	924,202	-
Deferred interest	-	-	-	-	(2,368,267)	1,243,709	(1,124,558)
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>219,207</u>	<u>219,207</u>	<u>(1,096,118)</u>	<u>1,560,178</u>	<u>683,267</u>
Changes in net assets without donor restrictions	<u>2,175,087</u>	<u>(860,622)</u>	<u>345,895</u>	<u>1,660,360</u>	<u>2,421,145</u>	<u>(2,092,148)</u>	<u>1,989,357</u>
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	<u>175,000</u>	<u>86,019</u>	<u>288,229</u>	<u>549,248</u>	<u>-</u>	<u>-</u>	<u>549,248</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(114,688)</u>	<u>-</u>	<u>(114,688)</u>
Changes in net assets attributable to Dorchester Bay	<u>\$ 2,350,087</u>	<u>\$ (774,603)</u>	<u>\$ 634,124</u>	<u>\$ 2,209,608</u>	<u>\$ 2,306,457</u>	<u>\$ (2,092,148)</u>	<u>\$ 2,423,917</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, 2021 and 2020

	Dorchester Bay				Rental (Exhibit C)	Eliminations	Non- Controlling Interest	Total
	Operating	Loan Programs (Exhibit F)	Project Development	Total Dorchester Bay				
Net Assets, December 31, 2019	\$ 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	4,696,809	1,022,440	11,594,417	17,313,666	46,817,128	(25,783,952)	44,473,294	82,820,136
Changes in net assets	2,221,612	358,220	8,532,597	11,112,429	2,348,775	(8,086,312)	501,204	5,876,096
Capital contributions	-	-	-	-	519,230	(519,230)	-	-
Distributions	-	-	-	-	(5,781,841)	5,781,841	(184,096)	(184,096)
Syndication costs	-	-	-	-	(25,909)	25,909	(25,909)	(25,909)
Net asset transfers	7,053,403	88,646	(9,346,885)	(2,204,836)	2,204,836	(366,815)	-	(366,815)
Net Assets, December 31, 2021	<u>\$ 13,971,824</u>	<u>\$ 1,469,306</u>	<u>\$ 10,780,129</u>	<u>\$ 26,221,259</u>	<u>\$ 46,082,219</u>	<u>\$ (28,948,559)</u>	<u>\$ 44,764,493</u>	<u>\$ 88,119,412</u>

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

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Consolidating Statement of Cash Flows
For the Year Ended December 31, 2021

	Dorchester Bay	Rental	Eliminations	Total
Cash Flows from Operating Activities:				
Changes in net assets	\$ 11,112,429	\$ 2,348,775	\$ (7,585,108)	\$ 5,876,096
Adjustments to reconcile changes in net assets to net cash provided by operating activities:				
Depreciation and amortization	31,457	6,447,691	(412,358)	6,066,790
Amortization charged as interest expense	4,975	190,962	-	195,937
Bad debts	175,341	46,923	-	222,264
Capital grants	(600,000)	-	-	(600,000)
Forgiveness of related party advances	-	(355,972)	355,972	-
Recovery of notes receivable and due from affiliates	(1,972,056)	-	1,972,056	-
Amounts invested in projects under development	1,579,912	-	(1,579,912)	-
Deferred interest	-	2,245,491	(1,195,230)	1,050,261
Recovery of bad debt	(136,908)	-	-	(136,908)
Recovery of investment in affiliate	(984,618)	-	984,618	-
Forgiveness of deferred rental receivable	-	46,511	-	46,511
Forgiveness of debt	(463,671)	(3,819,702)	-	(4,283,373)
Loss on impairment	-	2,210,296	-	2,210,296
Loss on write-off of financing fees	-	446,637	-	446,637
Change in discount on notes payable	-	20,921	-	20,921
Changes in operating assets and liabilities:				
Grants receivable	(659,617)	-	-	(659,617)
Tenant and other receivables	(548,364)	(158,147)	-	(706,511)
Due from affiliates	(1,052,868)	39,465	1,013,403	-
Prepaid expenses and other current assets	(10,892)	23,270	-	12,378
Due to affiliates	-	1,167,494	(1,167,494)	-
Accounts payable and accrued expenses	5,140,830	(696,423)	(36,400)	4,408,007
Net cash provided by (used in) operating activities	<u>11,615,950</u>	<u>10,204,192</u>	<u>(7,650,453)</u>	<u>14,169,689</u>
Cash Flows from Investing Activities:				
Cash paid for debt issuance costs	-	(655,060)	-	(655,060)
Investment in affiliate	(519,230)	-	519,230	-
Net increase in notes and interest receivable	(219,878)	-	-	(219,878)
Capital grants	600,000	-	-	600,000
Payments on notes and interest receivable to related parties	1,441,323	-	(1,441,323)	-
Purchase of property and equipment	-	(8,871,433)	-	(8,871,433)
Increase in capitalized costs	-	(16,029)	-	(16,029)
Transfer of cash	(7,204,856)	7,117,309	-	(87,547)
Increase in projects under development	(6,529,781)	(1,958,495)	-	(8,488,276)
Net cash used in investing activities	<u>(12,432,422)</u>	<u>(4,383,708)</u>	<u>(922,093)</u>	<u>(17,738,223)</u>
Cash Flows from Financing Activities:				
Capital contributions	-	519,230	(519,230)	-
Syndication costs	-	(25,909)	-	(25,909)
Distributions	-	(5,781,841)	5,597,745	(184,096)
Proceeds from notes payable	1,046,299	19,485,268	-	20,531,567
Principal payments on notes payable	(209,466)	(8,211,737)	5,093	(8,416,110)
Payments on contingent debt and deferred interest	-	(4,850,142)	3,488,938	(1,361,204)
Net cash provided by financing activities	<u>836,833</u>	<u>1,134,869</u>	<u>8,572,546</u>	<u>10,544,248</u>
Net Change in Cash, Cash Equivalents and Restricted Cash	20,361	6,955,353	-	6,975,714
Cash, Cash Equivalents and Restricted Cash:				
Beginning of year	<u>14,398,449</u>	<u>21,897,295</u>	<u>-</u>	<u>36,295,744</u>
End of year	<u>\$ 14,418,810</u>	<u>\$ 28,852,648</u>	<u>\$ -</u>	<u>\$ 43,271,458</u>
Supplemental Disclosures of Cash Flow Information:				
Cash paid for interest	<u>\$ 409,811</u>	<u>\$ 2,292,387</u>	<u>\$ (37,677)</u>	<u>\$ 2,664,521</u>
Projects under development placed in service	<u>\$ -</u>	<u>\$ 9,099,798</u>	<u>\$ -</u>	<u>\$ 9,099,798</u>
Supplemental Disclosure of Non-cash Transactions:				
Projects under development funded through construction payables	<u>\$ 366,471</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 366,471</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Consolidating Statement of Financial Position:				
Cash and cash equivalents	\$ 9,758,869	\$ 10,715,679	\$ -	\$ 20,474,548
Current portion of escrows and restricted deposits	-	881,156	-	881,156
Escrows and restricted deposits, net of current portion	4,659,941	17,255,813	-	21,915,754
Total cash, cash equivalents and restricted cash shown in the consolidating statement of cash flows	<u>\$ 14,418,810</u>	<u>\$ 28,852,648</u>	<u>\$ -</u>	<u>\$ 43,271,458</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

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

	Dorchester Bay	Rental	Eliminations	Total
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 (used in) 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	<u>14,379,475</u>	<u>20,697,504</u>	<u>-</u>	<u>35,076,979</u>
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 Functional Expenses
For the Year Ended December 31, 2021

	Dorchester Bay									
	Program Services				General and		Total			
	Community Services	Asset Management	Loan Programs	Project Development	Adminis- trative	Fundraising	Dorchester Bay	Rental (Exhibit B)	Eliminations	Total
Personnel and Related Costs:										
Consulting and contract labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,643,745	\$ -	\$ 2,643,745
Payroll	490,262	138,967	525,760	659,428	220,794	303,603	2,338,814	-	-	2,338,814
Employee benefits	42,302	3,853	107,146	108,590	154,805	29,245	445,941	-	-	445,941
Payroll taxes	29,725	2,707	48,536	45,526	31,191	20,549	178,234	-	-	178,234
Total personnel and related costs	562,289	145,527	681,442	813,544	406,790	353,397	2,962,989	2,643,745	-	5,606,734
Occupancy:										
Interest	-	-	-	365,117	4,591	-	369,708	2,483,349	(37,677)	2,815,380
Utilities	-	-	-	1,443	-	-	1,443	2,395,310	-	2,396,753
Contracted services	-	-	-	1,596	-	-	1,596	2,370,584	-	2,372,180
Real estate taxes	-	-	24,009	3,771	-	-	27,780	1,292,298	-	1,320,078
Repairs and maintenance	-	-	-	1,945	-	-	1,945	1,069,956	-	1,071,901
Insurance	-	-	1,348	20,216	12,556	-	34,120	887,733	-	921,853
Rent	13,565	5,797	-	1,200	74,350	-	94,912	21,554	(57,250)	59,216
Total occupancy	13,565	5,797	25,357	395,288	91,497	-	531,504	10,520,784	(94,927)	10,957,361
Other:										
Professional fees	96,972	990	80,108	28,656	489,689	11,252	707,667	314,443	-	1,022,110
Management fees	-	-	-	-	-	-	-	963,698	(109,928)	853,770
Office	30,488	63,055	17,899	1,840	140,690	19,489	273,461	580,005	-	853,466
Miscellaneous	10,829	30,758	3,062	3,542	22,878	3,832	74,901	226,993	-	301,894
Bad debts	-	-	51,723	123,618	-	-	175,341	46,923	-	222,264
Grants paid to others	-	-	-	183,512	-	-	183,512	-	-	183,512
Tenant services	-	-	-	-	-	-	-	595,570	(484,253)	111,317
Interest	-	-	3,466	3,947	37,665	-	45,078	-	-	45,078
Total other	138,289	94,803	156,258	345,115	690,922	34,573	1,459,960	2,727,632	(594,181)	3,593,411
Total expenses before depreciation and amortization and allocation of general and administrative	714,143	246,127	863,057	1,553,947	1,189,209	387,970	4,954,453	15,892,161	(689,108)	20,157,506
Depreciation and Amortization	-	-	-	10,318	21,139	-	31,457	6,447,691	(412,358)	6,066,790
Total expenses before allocation of general and administrative	714,143	246,127	863,057	1,564,265	1,210,348	387,970	4,985,910	22,339,852	(1,101,466)	26,224,296
Allocation of General and Administrative	262,412	90,440	317,131	540,365	(1,210,348)	-	-	-	-	-
Less - capitalized costs	976,555	336,567	1,180,188	2,104,630	-	387,970	4,985,910	22,339,852	(1,101,466)	26,224,296
	-	-	-	(93,685)	-	-	(93,685)	-	-	(93,685)
Total expenses	\$ 976,555	\$ 336,567	\$ 1,180,188	\$ 2,010,945	\$ -	\$ 387,970	\$ 4,892,225	\$ 22,339,852	\$ (1,101,466)	\$ 26,130,611

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, 2020

	Dorchester Bay									
	Program Services				General and		Total			
	Community Services	Asset Management	Loan Programs	Project Development	Adminis- trative	Fundraising	Dorchester Bay	Rental (Exhibit B)	Eliminations	Total
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	55,413	25,091	22,689	185,774	-	-	185,774
Total personnel and related costs	565,643	146,214	572,673	810,791	390,214	345,432	2,830,967	2,462,432	-	5,293,399
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	-	-	-	3,558	-	-	3,558	1,184,739	-	1,188,297
Repairs and maintenance	-	-	-	3,606	-	-	3,606	880,923	-	884,529
Insurance	2,818	-	917	15,939	18,513	-	38,187	757,376	-	795,563
Rent	-	15,834	-	-	69,650	-	85,484	20,909	(56,684)	49,709
Total occupancy	2,818	15,834	917	506,914	96,042	-	622,525	9,721,205	(92,512)	10,251,218
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	(107,271)	852,433
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
Bad debts	-	-	373,387	220,500	-	-	593,887	452,743	(210,420)	836,210
Grants paid to others	-	-	-	260,808	-	-	260,808	-	-	260,808
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	592,968	639,725	30,246	1,924,621	2,937,617	(787,806)	4,074,432
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	(880,318)	19,619,049
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	(1,292,676)	26,028,566
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	(1,292,676)	26,028,566
	-	-	-	(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	\$ (1,292,676)	\$ 25,943,102

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, 2021 and 2020

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 include restricted cash, consisting of escrows and restricted deposits (see Note 5). As of December 31, 2021 and 2020, 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, 2021 and 2020

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, 2021 and 2020, was \$6,043,472 and \$6,384,643, respectively.

The Agency reviews the value of its property and equipment for impairment whenever changes in circumstances indicate that the carrying value of such property may not be recoverable in accordance with the requirements of ASC Topic, *Property, Plant and Equipment* under U.S. GAAP. During 2021 there was a loss on impairment recognized in the amount of \$2,210,296 based on the sale of property held by the Pearl Companies (see Note 3) which occurred subsequent to year-end (see Note 16). No impairment losses were recognized during 2020.

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, 19 and 20).

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 \$525,920 and \$542,495 as of December 31, 2021 and 2020, 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 \$268,537 and \$277,823 as of December 31, 2021 and 2020, respectively. Amortization expense for 2021 and 2020 was \$23,318 and \$24,874, respectively. During 2021, fully amortized capitalized costs of \$32,604 were written off.

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

	<u>Amount</u>
2022	\$ 22,858
2023	\$ 21,673
2024	\$ 19,402
2025	\$ 19,402
2026	\$ 19,402

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). Developer fees 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, 2021 and 2020

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, 2021 and 2020

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 square footage.

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, 2021 and 2020

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, 2021 and 2020:

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>2021</u>	<u>2020</u>
Operating reserve	\$ 297,575	\$ 297,640
Non-operating reserve	<u>62,365</u>	<u>62,422</u>
	<u>\$ 359,940</u>	<u>\$ 360,062</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, 2021 and 2020

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>2021</u>	<u>2020</u>
Project Development:		
Indigo Landowner	\$ 1,301,877	\$ 45,908
Other	694,000	360,000
Fairmount Collaborative (see Note 7)	<u>506,368</u>	<u>121,001</u>
Subtotal Project Development	2,502,245	526,909
Other Purpose Restricted Grants:		
Loan capital	952,867	830,556
Revolving loan fund capital - NWA	119,501	119,501
Other	<u>83,939</u>	<u>175,000</u>
	<u>\$ 3,658,552</u>	<u>\$ 1,651,966</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 are capital in nature and have either already been invested into projects under development (see Note 7) or have not been spent for its intended purpose yet. Of the total project development grant proceeds, \$1,256,779 has been spent but not released as the full project has not been placed into service as of December 31, 2021.

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.

DBNLF (see page 18) transferred \$159,500 of its donor restricted net assets to support project development of DBEDC in 2021. The amounts transferred are included in net asset transfers in the accompanying consolidating statement of changes in net assets.

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, 2021 and 2020.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

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, 2021 and 2020. 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 17, 2022, which is the date the consolidating financial statements were available to be issued. See page 12 and Notes 3, 8, 9, 10, 11, 16 and 19 for events met the criteria for recognition or disclosure in the consolidating financial statements.

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 19 and 20, 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.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

Dorchester Bay: (Continued)

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:

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.

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

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 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) was the sole member of Indigo Apartments. During 2021, Indigo Apartments admitted an investor and a new managing member, at which point Indigo MM no longer controlled Indigo Apartments. Since Indigo Apartments is no longer controlled by Indigo MM, it is no longer required to be included in the accompanying consolidating financial statements as of December 31, 2021.

Indigo Apartments MM, LLC (Indigo MM) is a Massachusetts limited liability company, formed during 2015. Indigo MM held a 100% interest in Indigo Apartments as its managing member. During 2021, Indigo Apartments admitted an investor and a new managing member, at which point Indigo MM no longer controlled Indigo Apartments. Indigo Blocker, LLC (see below) owns 100% of Indigo MM.

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.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

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
- **Leyland Senior Housing Manager LLC**, general partner of Leyland Street LLC

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
- **QHI Housing, Inc.**, general partner (.01% ownership interest) of Quincy Heights Limited Partnership
- **Ceylon Field, Inc.**, general partner (.01% ownership interest) of Ceylon Field Limited Partnership
- **Wilder Gardens, Inc.**, general partner (.01% ownership interest) of Wilder Gardens Limited Partnership
- **Dudley Terrace Housing, Inc.**, (.01% ownership interest) was the general partner of Dudley Terrace Limited Partnership
- **Brunswick Holborn Housing Inc.**, general partner (.01% ownership interest) of Brunswick Holborn Two Limited Partnership
- **Columbia Wood Housing, Inc.**, general partner (.01% ownership interest) of Columbia Wood Two Limited Partnership
- **DV North Housing, Inc.**, general partner (.01% ownership interest) of Dudley Village North Limited Partnership
- **DV South Housing, Inc.**, general partner (.01% ownership interest) of Dudley Village South Limited Partnership
- **Sister Clara Muhammed Cooperative Corp.**, managing general partner (.01% ownership interest) of 150 Magnolia Limited Partnership
- **DB Cottage Brook, Inc.**, general partner (.01% ownership interest) of Cottage Brook Apartments Limited Partnership

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

General Partner Subsidiaries (Continued)

- **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.

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.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

Rental Properties: (Continued)

Dudley Terrace Limited Partnership (Dudley Terrace) is a Massachusetts limited partnership, formed in August 1999, which consisted 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 Owner LLC (DB Owner) (formerly, DB Pearl Master Tenant LLC) is a Massachusetts limited liability company, wholly-owned by DBEDC, formed in 2013 to participate with DBEDC in developing a commercial project.

DB Pearl QALICB LLC (DB QALICB) is a Massachusetts limited liability company, formed in 2013 to redevelop a 36,000 square foot commercial space. DBEDC had a 95% interest in DB QALICB and is the managing member. CropCircle Kitchen, Inc. (CCK, an unrelated entity) held a 5% interest in DB QALICB. During 2021, DBEDC purchased the remaining 5% interest from CCK. During 2021, DB QALICB transferred the property to DB Owner, and subsequent to year-end, DB Owner sold the property (see Note 16).

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

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

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

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

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

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

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

Rental Properties: (Continued)

Cottage Brook Apartments Limited Partnership (Cottage Brook) is a Massachusetts limited partnership, formed in July 2015 to acquire and rehabilitate the 147-unit project known as Cottage Brook Apartments, which was formerly owned by CBLP (see page 19).

Leyland Street LLC (Leyland) is a Massachusetts limited liability corporation, formed subsequent to year-end, to acquire and rehabilitate the 43 low-income housing units in Boston, Massachusetts.

Indigo Properties:

Indigo Support Corporation (Indigo Support) was formed during 2018 to support DBEDC as a supporting organization and to develop a 24,000 square foot commercial property. Indigo Support will operate the property in a manner intended to enable Indigo Support to qualify as a Qualified Active Low-Income Community Business (QALICB) for the purpose of the Federal New Market Tax Credits (NMTC) in accordance with Section 45D of the IRC. Indigo Support has tax-exempt status under Section 501(c)(3) of the IRC.

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.

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. During 2021, Dorchester Bay recognized \$984,618 of recovery of investments in affiliates, based on future expected cash flows, which is reflected as recovery of investment in affiliates in the accompanying consolidating statement of activities. As of December 31, 2021, total unreserved investments in affiliates consist of \$876,271 and \$627,577 related to Pearl Companies and Indigo Properties, respectfully. All investments in affiliates were fully reserved for as of December 31, 2020. Dorchester Bay does not intend to seek recovery of the other investments, which have been fully reserved in the accompanying consolidating financial statements.

Notes and Interest Receivable from Related Parties

The following project development notes receivable with accrued interest from various limited partnerships are generally subordinated to first mortgages held by banks or government entities. The ability of the Agency to realize these assets is dependent upon the ability of the partnerships to generate sufficient cash flow from operations or from the sale or refinancing by the respective partnerships (see Note 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.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

3. RELATED PARTY TRANSACTIONS (Continued)

Notes and Interest Receivable from Related Parties (Continued)

As of December 31, 2021, 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 Apartments	4 1	0% - 2.61% 3.5%	\$ 18,568,347 3,905,518	\$ 1,716,841 195,642	Through 2045 August 2052*
150 Magnolia	4	0% - 6.55%	992,568	1,090,409	Through 2033
Brunswick	5	0% - 7.62%	796,145	916,060	Through 2022
DV South	5	0% - 10.0%	623,735	1,226,654	Through 2039
DVNC	1	1%	529,222	77,839	August 2030
555 Dudley	3	3.0% - 9.0%	505,800	253,369	Through 2038
Columbia	3	5.0% - 7.62%	578,917	551,191	Through 2022
DV North	4	0% - 6.0%	456,893	495,148	Through 2036
Quincy Heights	1	0%	432,464	-	December 2043
DB Owner	1	6.0%	300,000	257,987	August 2033
DBULP	1	10.0%	274,000	898,871	December 2022
			<u>27,963,609</u>	<u>7,680,011</u>	
Less - amounts characterized as equity*			3,905,518	195,642	
Less - valuation allowance			23,758,091	5,429,524	
Less - related party elimination			<u>300,000</u>	<u>2,054,845</u>	
Net notes and interest receivable from related parties			<u>\$ -</u>	<u>\$ -</u>	

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 Apartments	4 1	0% - 2.61% 3.5%	\$ 18,568,347 3,905,518	\$ 2,384,553 56,955	Through 2045 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
GALP	2	6.0% - 12.0%	312,862	778,064	June 2035
DB Owner	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			<u>-</u>	<u>1,824,112</u>	
Net notes and interest receivable from related parties			<u>\$ -</u>	<u>\$ -</u>	

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

3. RELATED PARTY TRANSACTIONS (Continued)

Notes and Interest Receivable from Related Parties (Continued)

* 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.

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

	<u>2021</u>	<u>2020</u>
Cottage Brook	\$ 949,680	\$ 703,086
DB Owner	388,896	-
GALP	312,562	3,786
Dudley Terrace	218,068	-
DB QALICB	94,860	
555 Dudley	5,247	-
Indigo	<u>2,743</u>	<u>-</u>
	<u>\$ 1,972,056</u>	<u>\$ 706,872</u>

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>2021</u>	<u>2020</u>
GALP	\$ 759,647	\$ 98,593
CB Housing	455,893	464,089
DB Owner	257,987	-
DBULP	230,316	483,788
150 Magnolia	69,941	43,258
555 Dudley	69,524	12,456
DV South	24,167	18,843
Other	<u>482</u>	<u>20,117</u>
	<u>\$ 1,867,957</u>	<u>\$ 1,141,144</u>

Surplus Cash Flow Payments

Incentive and Supplemental Management Fees

DBEDC receives certain incentive and supplemental management fees from its rental projects. Fees received in 2021 and 2020 totaled \$432,861 and \$486,829, respectively. These fees are recognized when paid based on prior cash flow for annual services provided by DBEDC.

Distributions

During 2021, there were distributions of \$5,781,841 from certain limited partnerships based on 2020 cash flow, of which \$184,096 was distributed to unrelated parties. 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 an unrelated party. There are expected distributions of \$1,627,636 due in 2022 based on 2021 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.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

3. RELATED PARTY TRANSACTIONS (Continued)

Leases

DBEDC leases space from certain rental properties under various agreements ranging from tenant-at-will through 2023. Rent expense under these agreement was \$57,250 and \$56,684 for 2021 and 2020, respectively, which has been eliminated in the accompanying consolidating statements of activities.

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 2020	Recognized During 2020	Recognized During 2021	Remaining Contract Balance
Indigo Apartments	\$ 1,046,685	\$ 523,342	\$ 333,752	\$ 157,895	\$ 31,696
Dudley Terrace Apartments	1,044,388	140,606	381,588	304,126	-
Indigo MT	752,306	376,153	-	113,487	22,781
Less – capitalized costs	-	(140,606)	-	-	-
Sub-total	2,843,379	899,495	715,340	575,508	54,477
Less - eliminations	-	-	(401,977)	(38,201)	-
Total	<u>\$ 2,843,379</u>	<u>\$ 899,495</u>	<u>\$ 313,363</u>	<u>\$ 537,307</u>	<u>\$ 54,477</u>

The remaining contract balance generally includes the estimated portion of compensation under the developer agreement related to developer activities not yet completed as of the reporting date. During 2020, DBEDC recorded a reserve on Dudley Terrace Apartments' developer fee of \$218,068, which was recovered during 2021 and is included in recovery of notes receivable and due from affiliates in the accompanying consolidating statement of activities. 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 2021 and 2020:

	2021		
	Dorchester Bay	Rental	Total
Interest	\$ -	\$ 1,232,907	\$ 1,232,907
Amounts invested in projects under development	1,579,912	-	1,579,912
Tenant services	-	484,253	484,253
Rent	57,250	-	57,250
Management fees	-	109,929	109,929
	<u>\$ 1,637,162</u>	<u>\$ 1,827,089</u>	<u>\$ 3,464,251</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

3. RELATED PARTY TRANSACTIONS (Continued)

	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	-	107,271	107,271
	<u>\$ 1,191,306</u>	<u>\$ 1,856,923</u>	<u>\$ 3,048,229</u>

Due from Affiliates

The following entities have fees and other advances due to Dorchester Bay as of December 31, 2021 and 2020. 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:

	2021	2020
Current:		
Dudley Terrace Apartments	\$ 521,108	\$ 417,826
Cottage Brook	212,843	222,843
Quincy Heights	123,608	190,839
DB Owner	112,007	-
Indigo Support Corp	62,418	-
DVNC	1,200	37,241
GALP	-	40,281
555 Dudley	-	5,841
Total current portion	<u>\$ 1,033,184</u>	<u>\$ 914,871</u>
Long-term:		
Pierce	\$ 3,815,994	\$ 2,324,450
Indigo MT	326,758	329,501
Dudley Terrace Apartments	296,725	285,523
DV North	155,979	155,979
555 Dudley	90,439	90,439
150 Magnolia	11,361	11,361
Pearl Companies	-	539,042
Indigo Apartments	-	366,815
Dudley Terrace	-	267,752
	<u>4,697,256</u>	<u>4,370,862</u>
Less - valuation allowance	<u>3,004,891</u>	<u>2,551,647</u>
Total long-term portion	<u>\$ 1,692,365</u>	<u>\$ 1,819,215</u>

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

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

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 19) and grant funding from DB Owner 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 Owner, 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 19). 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 Owner. DB Owner then assigned their rights in the loans to the City of Boston, Department of Neighborhood Development (DND). During 2021, these loans were forgiven as a result of the assignment and assumption of the Pearl Investment Fund Notes (see Note 6).

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.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

5. ESCROWS AND RESTRICTED DEPOSITS (Continued)**Restricted Deposits (Continued)**

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

	2021		
	Dorchester Bay	Rental	Total
Current:			
Escrows	\$ -	\$ 881,156	\$ 881,156
Long-term:			
Construction escrows	3,497,500	-	3,497,500
Operating reserves	18,506	6,317,676	6,336,182
Replacement reserves	-	10,938,137	10,938,137
Loan portfolio reserves	1,143,935	-	1,143,935
Subtotal	4,659,941	17,255,813	21,915,754
	<u>\$ 4,659,941</u>	<u>\$ 18,136,969</u>	<u>\$ 22,796,910</u>
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	5,895,713	6,387,324
Replacement reserves	86,790	4,606,666	4,693,456
Loan portfolio reserves	1,157,633	-	1,157,633
Subtotal	9,725,271	10,502,379	20,227,650
	<u>\$ 9,725,271</u>	<u>\$ 11,084,132</u>	<u>\$ 20,809,403</u>

6. NOTES AND INTEREST RECEIVABLE**Loan Programs**

Notes receivable issued consist of various loans made to small businesses. Interest rates range from approximately 6% 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.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

6. NOTES AND INTEREST RECEIVABLE (Continued)

Loan Programs (Continued)

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

2022	\$ 295,159
2023	262,882
2024	199,673
2025	151,223
2026	104,107
Thereafter	<u>322,294</u>
	1,335,338
Plus - accrued interest	66,697
Less - current portion	295,159
Less - loan loss allowance	<u>700,170</u>
	<u>\$ 406,706</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%, with interest-only payments until January 1, 2029, and is due on June 30, 2048.

Rental

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

<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 were as follows:

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

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

6. NOTES AND INTEREST RECEIVABLE (Continued)

Rental (Continued)

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 was not allowed at any time prior to the expiration of the NMTC compliance period of seven years. All of the Pearl Investment Fund Notes were secured by the assets of the Pearl Investment Fund (see Note 4). During 2021, these notes were satisfied as part of the assumption and assignment of notes payable (see Note 16).

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 2021 and 2020:

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, costs associated with this project represent predevelopment costs as well as construction related to the project. A portion of this project was placed into service in December 2021, at which time DBEDC transferred its interest in Indigo Apartments to a third party. Indigo Landowner is expected to be placed into service during 2022.

Dudley Terrace was a residential rental property in Dorchester. As of December 31, 2020, 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. The rehabilitation on the remaining seven buildings was completed during 2021.

Pierce Properties is a mixed residential-commercial property in Dorchester. As of December 31, 2021 and 2020, costs associated with this project represent renovations related to the Pierce Building, which is expected to be completed during 2022.

Leyland Street is a residential development in Dorchester. As of December 31, 2021 and 2020, 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. Subsequent to year end, DB Leyland sold the property to Leyland Street for \$1,400,000.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

7. PROJECTS UNDER DEVELOPMENT (Continued)

At December 31, 2021 and 2020, projects under development consist of the following:

	<u>2021</u>	<u>2020</u>
Pierce Properties	\$ 3,952,840	\$ 1,994,345
Leyland Street	1,451,052	827,549
Indigo Landowner	1,301,877	45,905
Capitalized salaries	314,541	220,856
Various other projects	228,420	616,041
Indigo Apartments	-	19,427,332
Indigo Support	-	5,058,832
Dudley Terrace Apartments	-	2,047,062
	<u>\$ 7,248,730</u>	<u>\$ 30,237,922</u>
Total projects under development	<u>\$ 7,248,730</u>	<u>\$ 30,237,922</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, 2021 and 2020, relating to projects under development. Capitalized salary costs related to the development of certain projects are shown in the accompanying consolidating statements of functional expenses as a reduction of total expenses and included in projects under development in the accompanying 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, 2021 and 2020

8. NOTES PAYABLE

Notes payable at December 31, 2021 and 2020, consist of:

Operating

\$200,000 line of credit due to Massachusetts Growth Capital Corporation (MGCC), which bears interest at the prime rate (3.25% as of December 31, 2021 and 2020), 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
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\$350,000 revolving line of credit due to MHIC, bearing interest at the prime rate, plus 2.5% (5.75% as of December 31, 2021 and 2020), and was due in February 2021. In 2021, the maturity date was extended to February 2023. This line of credit is secured by certain assets of DBEDC.

70,000	70,000
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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. During 2021, DBEDC submitted the application for forgiveness and received forgiveness from the SBA for the full loan amount and related accrued interest.

-	460,600
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Total operating

270,000	730,600
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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:

- 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, 2021 and 2020.

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).

467,348	565,683
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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.

50,000	50,000
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Total loan programs

517,348	615,683
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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.

642,600	615,453
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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. Subsequent to year end, this note was repaid with proceeds from permanent financing (see Note 11).

399,258	372,963
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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.

232,732	140,375
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Subtotal Leyland Street

1,274,590	1,128,791
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DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

8. NOTES PAYABLE (Continued)

Project Development (Continued)

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

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.

- 1,114,143

Subtotal Indigo Block Apartments

- 7,145,470

Indigo Block Apartments transferred its control to manage the partnership to an unrelated affiliate and is no longer required to be consolidated within DBEDC (see Note 3).

Indigo Support Corp

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

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

- 6,240,000

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.

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

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

- 4,753,000

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.

Subtotal Indigo Support Corp

- 10,993,000

Indigo Support Corp was placed into service in December 2021.

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.

7,792,260 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. In 2021, this note was extended to November 2024 with maximum borrowings of \$1,900,000.

1,395,640 1,395,640

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

8. NOTES PAYABLE (Continued)

Project Development (Continued)

Other Project Development (Continued)

2% note payable to PNC Community Development Company, LLC with maximum borrowings up to \$1,000,000, with all principal due in December 2026. Interest only payments are due quarterly starting March 1, 2022.

497,500

-

\$750,000 revolving line of credit due to The Life Insurance Community Investment Initiative, bearing interest at 6% at December 31, 2021 and 2020, 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

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.

37,884

49,657

Subtotal Other Project Development

9,909,235

9,108,876

Less - unamortized debt issuance costs

128,533

133,508

Subtotal Other Project Development

9,780,702

8,975,368

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 through maturity in July 2027. The note is secured by a shared first mortgage and an assignment of leases and rents on the premises.

45,082

51,558

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.

19,283

23,797

Subtotal DFH

64,365

75,355

Total project development

11,119,657

28,317,984

Total DBEDC and Affiliates

11,907,005

29,664,267

Total Rental Properties (see Note 19)

81,843,398

73,137,827

Total notes payable before eliminations

93,750,403

102,802,094

Less - eliminations

406,800

411,893

Total notes payable

93,343,603

102,390,201

Less - current portion

9,536,857

3,479,830

\$ 83,806,746

\$ 98,910,371

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

8. NOTES PAYABLE (Continued)

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

2022	\$ 9,536,857
2023	\$ 2,681,816
2024	\$ 2,119,178
2025	\$ 3,664,244
2026	\$ 10,409,562

Debt issuance costs related to these notes payable (see pages 33 through 35 and Note 18) and contingent debt (see Notes 9 and 19) totaling \$1,972,997 and \$2,792,279 are being amortized over the terms of the related mortgages and are shown net of accumulated imputed interest of \$799,881 and \$1,297,222 as of December 31, 2021 and 2020, respectively. Amortization of debt issuance costs of \$149,210 and \$154,340 are included in interest expense in the accompanying consolidating statements of functional expenses for the years ended December 31, 2021 and 2020, 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 \$79,000 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, 2021 and 2020.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

9. CONTINGENT DEBT AND DEFERRED INTEREST

Contingent debt and deferred interest at December 31, 2021 and 2020, consist of:

	2021		2020	
	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)

	2021		2020	
	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
Subtotal Indigo Block Apartments	-	-	7,977,624	35,500
Indigo Block Apartments transferred its control to manage the partnership to an unrelated affiliate and is no longer required to be consolidated within DBEDC (see Note 3).				
<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	-	585,000	-
Non-interest bearing note payable to DND with a maturity date of June 2019. 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. This note was forgiven subsequent to year-end.	217,991	-	217,991	-
Non-interest bearing note payable to DND with an original maturity date of June 2019. 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, 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. This note was forgiven subsequent to year-end.	57,000	-	57,000	-
Subtotal Other Project Development	859,991	-	859,991	-
Total Project Development	859,991	-	8,837,615	35,500
Total DBEDC and Affiliates	913,791	-	8,891,415	35,500
Total Rental Properties (see Note 20)	56,660,915	17,264,009	58,254,118	18,275,457
Total contingent debt and deferred interest before eliminations	57,574,706	17,264,009	67,145,533	18,310,957
Less - eliminations	23,651,291	7,226,382	24,007,411	8,567,802
	<u>\$ 33,923,415</u>	<u>\$ 10,037,627</u>	<u>\$ 43,138,122</u>	<u>\$ 9,743,155</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

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:

	2021	
	Operating	Rental Programs
Cash and cash equivalents	\$ 9,758,869	\$ 10,715,679
Escrows and restricted deposits, current	-	881,156
Grants receivable	731,202	-
Tenant and other receivables, net	452,629	684,376
Notes and interest receivable	295,159	-
Current portion of investments in affiliates, net of allowance	876,271	-
	<u>12,114,130</u>	<u>12,281,211</u>
Less - development project cash	(287,588)	-
Less - cash held for initiatives with donor restrictions and Board designated reserves (see Note 2)	(893,879)	-
Less - current portion of notes and interest receivable with donor restrictions	<u>(295,159)</u>	<u>-</u>
	<u>\$ 10,637,504</u>	<u>\$ 12,281,211</u>
	2020	
	Operating	Rental Programs
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	239,161	-
	<u>5,053,188</u>	<u>11,968,068</u>
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>\$ 11,968,068</u>

The Agency aims to maintain working capital balances of at least six months of operating expenses. As of December 31, 2021 and 2020, the Agency and its operating affiliates had working capital (current assets less current liabilities) of \$12,377,730 and \$6,042,381, respectively, and average days of cash on hand of 372 and 288, 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, 2021 and 2020. 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. Subsequent to year-end, DBEDC received a cash payment of \$1,301,008 as part of the sale of the Pearl Companies' building.

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, 2021 and 2020, 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. During 2021, these notes were satisfied as part of the assumption and assignment of notes payable (see Note 16) during the final unwind process.

The notes to NMI CDE and PNC CDE (see Note 16) may not be prepaid in part or in full at any time prior to August 2021, 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, 2021 and 2020

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, 2020. 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).

COVID-19

During 2020 and continuing into 2021, COVID-19 was recognized as a global pandemic. Federal, state and local governments in the United States have imposed restrictions on travel and business operations. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration and the impact it will have on the Agency's operations and financial position. As a result, the adverse impact COVID-19 will have on the Agency's businesses, operating results, cash flows, and financial condition is uncertain. It is management's opinion that the adverse impact would not be material.

Projects Under Development

As of December 31, 2021, DBEDC entered into the following loan commitments related to Pierce Properties:

<u>Lender</u>	<u>Interest Rate</u>	<u>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%	\$ 2,730,804	2.5 years

Pierce Properties was also awarded \$1,120,000 of State Historic Tax Credits, of which an additional \$380,000 may be awarded in future years. As of December 31, 2021, Federal Historic Tax Credits in the amount of \$2,250,000 are to be purchased by an investor based on a price per credit of \$0.79, or \$1,782,000.

As of December 31, 2021, DBEDC entered into the following loan commitments related to Leyland:

<u>Lender</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Initial Term</u>
Hebrew Senior Life - Developer Fee Loan	5%	\$ 1,500,000	20 years
City of Boston DND - Permanent Loan	Federal Rate per Annum	\$ 1,000,000	30 years

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

11. COMMITMENTS AND CONTINGENCIES (Continued)

Projects Under Development (Continued)

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

<u>Lender</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Initial Term</u>
MHP - Permanent Loan	4.6%	\$ 3,795,000	2 years
Eastern Bank / Rockland Trust	2.5%	\$ 13,400,000	2 years

Leyland Street also received several commitments from DHCD, conditional upon various milestones as listed in the agreements for the following amounts:

- Facilities Consolidation Fund for \$480,160
- Affordable Housing Trust Fund for \$483,147
- Housing Stabilization Fund for \$1,000,000
- Housing Innovations Fund for \$1,000,000

Leyland Street was also awarded \$3,575,000 of 2023 Massachusetts Low-Income Housing Tax Credits which may be purchased at a rate of \$0.903 per credit, or \$3,227,875. As of December 31, 2021, Federal Low-Income Housing Tax Credits in the amount of \$9,990,000 to be purchased based on a price per credit of \$0.93, or \$9,299,070. Subsequent to year-end, Leyland Street was also awarded a grant in the amount of \$250,000 to be used towards the development of the project.

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 \$8,000. 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 four years are as follows:

	<u>Dorchester Bay</u>	<u>Rental</u>	<u>Total</u>
2022	\$ 47,410	\$ 163,901	\$ 211,311
2023	26,246	118,211	144,457
2024	27,036	110,666	137,702
2025	25,463	112,750	138,213
Total	<u>\$ 126,155</u>	<u>\$ 505,528</u>	<u>\$ 631,683</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

13. CONCENTRATIONS OF CREDIT RISK

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 \$110,000 to the plan for 2021 and 2020, respectively, which are included in employee benefits in the accompanying consolidating statements of functional expenses.

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>-</u>
	<u>\$ (778,104)</u>	<u>\$ 545,156</u>	<u>\$ (232,948)</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

16. TRANSFER OF PROPERTY TO DB OWNER

On February 4, 2021, DB QALICB entered into an agreement to transfer all property and long-term debt to DB Owner.

Pursuant to accounting guidance and professional standards for acquisitions between entities under common control, the transfer has been recorded by DB Owner at Pearl QALICB's carryover basis.

A summary of the acquisition in accordance with ASC Topic, *Business Combinations*, is as follows:

Purchase Price

Cash paid	\$ -
Notes payable assumed	<u>5,520,000</u>
Contractual purchase price	<u>\$ 5,520,000</u>
Contractual purchase price (assumed notes)	\$ 5,520,000
Adjustment to increase purchase price to carryover basis	<u>3,990,156</u>
Carryover basis	<u>\$ 9,510,156</u>

Carryover Basis of Assets Acquired

Building and improvements	\$ 11,457,540
Equipment and furniture	877,509
Land	<u>527,773</u>
	12,862,822
Less - accumulated depreciation	<u>(3,352,666)</u>
Total carryover basis	<u>\$ 9,510,156</u>

Subsequent to year-end, the property was sold for a purchase price of \$7,000,000. Since the carrying value of the property was greater than the purchase price of the property, DB Owner recorded an impairment loss of \$2,210,296 in accordance with ASC Topic, *Property, Plant and Equipment*.

17. CONDITIONAL GRANTS

During 2021 and 2020, the Agency was awarded several conditional grants in the amounts of \$4,103,048 and \$1,242,500, 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 2021 and 2020, \$2,276,803 and \$521,250, 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 \$1,230,995 will be recognized as conditions are met.

18. RECLASSIFICATIONS

Certain amounts in the December 31, 2020 consolidating financial statements have been reclassified to conform with the December 31, 2021 presentation.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

19. NOTES PAYABLE - RENTAL PROPERTIES

Lender	Interest Rate	Security	Maturity Date	Outstanding Principal	
				2021	2020
DBULP					
Boston Private Bank and Trust Company (Boston Private)	5.00%	First	October 2022	\$ 1,520,115	\$ 1,562,400
Boston Private	5.25%	Second	October 2022	735,065	753,748
				2,255,180	2,316,148
			Less - unamortized debt issuance costs	4,601	10,250
				2,250,579	2,305,898
GALP					
BERKADIA	3.83%	First	(A) December 2051	13,617,000	-
U.S. Department of Housing and Urban Development (HUD)	1.00%	Second	July 2035	-	4,429,379
BERKADIA	3.25%	First	July 2035	-	2,071,586
				13,617,000	6,500,965
			Less - unamortized debt issuance costs	351,316	94,552
				13,265,684	6,406,413
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	220,963	242,319
			Less - unamortized debt issuance costs	16,890	18,839
				204,073	223,480
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, 2021 and 2020).	First	September 2022	168,568	175,129
			Less - unamortized debt issuance costs	713	1,664
				167,855	173,465

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

19. NOTES PAYABLE - RENTAL PROPERTIES (Continued)

Lender	Interest Rate	Security	Maturity Date	Outstanding Principal	
				2021	2020
555 Dudley					
MHP	3.97%	First	March 2025	1,048,274	1,077,381
MHP	4.50%	Second	March 2025	340,020	348,824
DBEDC	3.00%	Fourth	January 2038	106,800	111,892
				1,495,094	1,538,097
			Less - unamortized debt issuance costs	18,237	22,870
				1,476,857	1,515,227
Wilder					
MHP	4.85%	First	March 2035	1,815,815	1,856,793
		(A)	Less - unamortized debt issuance costs	87,046	93,318
				1,728,769	1,763,475
Dudley Terrace Apartments					
Boston Private	3.00%	First	August 2022	8,260,000	2,391,732
			Less - unamortized debt issuance costs	113,539	30,683
				8,146,461	2,361,049
Pearl Companies					
DB Owner					
	Lender's cost of funds rate, plus 0.75% (4.50% at December 31, 2021 and 2020) 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			
City of Boston		(A)	August 2023	3,178,044	3,200,000
BlueHub Loan Fund, Inc.	5.00%	See page 48.	February 2022	1,817,923	1,817,923
		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
				5,795,967	5,826,127
			Less - unamortized debt issuance costs	-	8,552
				5,795,967	5,817,575

The BlueHub Loan Fund, Inc. notes payable with DB MT on page 47 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.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

19. NOTES PAYABLE - RENTAL PROPERTIES (Continued)

Lender	Interest Rate	Security	Maturity Date	Outstanding Principal		
				2021	2020	
Pearl Companies (Continued)						
<u>DB QALICB</u>						
NMI CDE (NMI CDE Note C)	1.00%	See below.	December 2048	(B)	-	3,797,500
NMI CDE (NMI Note B)	1.00%	See below.	August 2023	(B)	-	3,200,000
PNC CDE (PNC Note A)	1.00%	See below.	December 2048	(B)	-	2,798,800
NMI CDE (NMI CDE Note A)	1.00%	See below.	February 2021	(B)	-	2,560,000
PNC CDE (PNC Note B)	1.00%	See below.	December 2048	(B)	-	1,201,200
					-	13,557,500
			Less - unamortized debt issuance costs		-	450,639
					-	13,106,861
Subtotal Pearl Companies					5,795,967	18,924,436
The DB QALICB notes were 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		680,486	723,199
			Less - unamortized debt issuance costs		4,759	9,418
					675,727	713,781
Brunswick						
MHP	5.96%	First	June 2027		1,823,681	1,892,680
			Less - unamortized debt issuance costs		23,926	26,239
					1,799,755	1,866,441
Columbia						
MHP	5.95%	First	August 2027		2,096,213	2,175,598
			Less - unamortized debt issuance costs		22,044	24,603
					2,074,169	2,150,999

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

19. NOTES PAYABLE - RENTAL PROPERTIES (Continued)

Lender	Interest Rate	Security	Maturity Date	Outstanding Principal	
				2021	2020
DV North					
MHP	3.17%	Fourth	June 2028	596,432	622,339
MHP	2.00%	Second	December 2028	400,000	400,000
MHP	6.65%	First	December 2026	70,384	72,364
				1,066,816	1,094,703
			Less - unamortized debt issuance costs	23,593	27,540
				1,043,223	1,067,163
DV South					
MHP	6.27%	First	November 2026	935,385	965,302
MHP	2% (interest only)	Second	December 2026	450,000	450,000
				1,385,385	1,415,302
			Less - unamortized debt issuance costs	22,798	27,946
				1,362,587	1,387,356
Quincy Heights					
Massachusetts Housing Financing Authority (MHFA)	2.29%	First	June 2040	13,975,978	14,538,214
			Less - unamortized debt issuance costs	194,243	213,781
				13,781,735	14,324,433
Cottage Brook					
Eastern Bank	4.20%	First	(A) December 2035	15,779,113	16,104,525
			December 2036 or upon the sale or refinancing of the property or upon default	2,086,676	2,464,793
HUD	1.00%	Second		17,865,789	18,569,318
			Less - unamortized discount	293,527	314,448
			Less - unamortized debt issuance costs	274,417	300,655
				17,297,845	17,954,215

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

19. NOTES PAYABLE - RENTAL PROPERTIES (Continued)

Lender	Interest Rate	Security	Maturity Date	Outstanding Principal	
				2021	2020
Indigo Support Corp					
Two notes payable to New Markets Investment 121, LLC (NMI 121):					
<ul style="list-style-type: none">Maximum borrowings of \$4,117,100 and \$2,122,900 with interest only payments due through 2027.Interest payable at a rate of 3.16%.				6,240,000	-
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.					
Three notes payable to MHIC NE CDE II Subsidiary 58 (NE CDE 58):					
<ul style="list-style-type: none">Maximum borrowings of \$2,453,660, \$650,000 and \$1,649,340.Interest payable at a rate of 3.16%.					
Interest-only payments are due through January 2027. Beginning in January 2027, principal and interest payments are due monthly based on a twenty-five-year amortization schedule through the notes’ maturity in December 2053. These notes are not eligible for prepayment prior to January 2027 and are secured by a shared first mortgage on the 65 East Cottage Street property.					
				4,753,000	-
				10,993,000	-
			Less - unamortized debt issuance costs	220,888	-
				10,772,112	-
Total notes payable - Rental Properties (see Note 8)				\$ 81,843,398	\$ 73,137,827

(A) Guaranteed by DBEDC

(B) During 2021, 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, 2021 and 2020

20. CONTINGENT DEBT AND DEFERRED INTEREST - RENTAL PROPERTIES

Lender	Interest Rate	Security	Maturity Date	2021		2020	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
DBULP							
DBH	10% **	Third	December 2022	\$ 274,000	\$ 898,871	\$ 274,000	\$ 1,237,765
GALP							
DBEDC	6% **	Subordinate mortgage	June 2035	-	-	189,300	277,237
DBEDC	12% **	Unsecured	Due upon re-syndication, sale or refinancing.	-	-	123,562	500,827
				-	-	312,862	778,064
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.	529,222	77,839	529,222	71,746
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	-
				532,405	-	532,405	-
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	232,673	223,000	195,049
DBEDC	5.00%	Sixth	December 2032	176,000	19,965	176,000	22,941
				2,774,000	252,638	2,774,000	217,990

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

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

Lender	Interest Rate	Security	Maturity Date	2021		2020	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Ceylon							
City of Boston	7.5% **	First	January 2029	1,250,000	898,108	1,250,000	1,147,950
150 Magnolia							
City of Boston	5.50%	Second	April 2034	749,304	1,510,514	749,304	1,391,154
DHCD	5.00%	Third	December 2031	600,000	591,661	600,000	561,661
CEDAC	5% simple interest for twenty years, then 0% through maturity	Subordinate mortgage	December 2031	500,000	497,533	500,000	472,533
DBEDC	6.55% **	Subordinate mortgage	December 2033	430,895	1,090,409	430,895	994,211
DBEDC	0.00%	Subordinate mortgage	December 2021	400,000	-	400,000	-
DBEDC	0.00%	Subordinate mortgage	December 2021	37,966	-	81,224	-
DBEDC	0.00%	Subordinate mortgage	December 2033	123,707	-	123,707	-
				2,841,872	3,690,117	2,885,130	3,419,559
Dudley Terrace Apartments							
DND HOME	2.00%	First	June 2051	1,692,529	47,955	1,692,529	14,104
DHCD HOME	7.00%	First	June 2051	500,000	49,583	500,000	14,583
DHCD - Facilities Consolidation Fund	2.00%	First	June 2051	375,203	10,631	375,203	3,127
DND NHT	2.00%	First	June 2051	359,841	7,457	359,841	260
				2,927,573	115,626	2,927,573	32,074
Brunswick							
MHFA	0.10% on \$1,113,960, 0.0% on remaining	Mortgage	December 2036	915,936	916	1,010,072	1,010
DHCD	0.00%	Mortgage	August 2046	1,115,475	-	1,115,475	-
City of Boston	5.22%**	Mortgage	July 2038	900,233	365,484	900,233	394,337
MHP	5.00%	Mortgage	August 2055	750,000	597,460	750,000	559,960
DBEDC	5.00% **	Mortgage	December 2021	397,552	409,254	397,552	370,834

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

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

Lender	Interest Rate	Security	Maturity Date	2021		2020	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Brunswick (Continued)							
DBEDC	5.00% **	Mortgage	December 2021	200,000	197,518	200,000	178,589
DBEDC	7.62%	Mortgage	December 2022	110,540	228,832	110,540	220,409
DBEDC	5.00% **	Mortgage	December 2021	82,503	80,456	82,503	72,697
DBEDC	0.00%	Mortgage	December 2021	5,550	-	5,550	-
				4,477,789	1,879,920	4,571,925	1,797,836
Columbia							
MHFA	0.10%	Mortgage	December 2036	1,081,118	1,082	1,154,553	1,190
City of Boston	4.4% **	Mortgage	July 2038	871,553	310,866	871,553	332,512
DHCD	5.00%	Mortgage	August 2055	750,000	598,001	750,000	560,501
DHCD	0.00%	Mortgage	August 2055	468,891	-	468,891	-
DBEDC	5.00% **	Mortgage	December 2021	376,744	267,616	376,744	236,932
DBEDC	7.62%	Mortgage	December 2022	117,377	203,086	117,377	194,142
DBEDC	5.00% **	Mortgage	December 2021	84,796	80,489	84,796	72,618
				3,750,479	1,461,140	3,823,914	1,397,895
DV North							
City of Boston	6.00% **	Shared third	September 2037	1,238,888	1,281,061	1,238,888	1,276,774
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	943,105	600,000	848,925
DBEDC	6.00% **	Shared fifth	November 2023	300,000	418,967	300,000	378,271
DBEDC	0.00%	Unsecured.	December 2036	79,250	-	79,250	-
DBEDC	6.00% **	Shared fifth	December 2036	49,200	55,740	49,200	49,800
DBEDC	5.00% **	Unsecured	December 2036	28,443	20,441	28,443	18,113
				3,946,203	2,719,314	3,946,203	2,571,883

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2021 and 2020

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

Lender	Interest Rate	Security	Maturity Date	2021		2020	
				Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
DV South							
DHCD	3.00%**	Shared third	March 2038	1,078,477	567,681	1,078,477	519,735
City of Boston	4.90% **	Shared third	September 2037	800,000	722,081	800,000	660,294
DHCD	3.00%**	Shared third	March 2058	750,000	340,971	750,000	318,547
DHCD	6.00%**	Shared third	March 2058	500,000	696,207	500,000	628,498
DBEDC	10.00%**	Fourth	December 2023	300,000	929,698	300,000	817,907
DBEDC	0.00%	Unsecured	December 2039	126,750	-	126,750	-
DBEDC	10.00%**	Shared fifth	December 2036	114,057	166,248	114,057	159,180
DBEDC	10.00%**	Shared fifth	December 2026	53,300	130,709	53,300	113,981
DBEDC	0.00%	Unsecured	December 2039	29,628	-	29,628	-
				3,752,212	3,553,595	3,752,212	3,218,142
Quincy Heights							
DHCD	0.00%	Mortgage and an assignment of rents and leases	November 2044. Payable from net cash flow of the project.	675,228	-	756,443	-
City of Boston	0.00%	Mortgage and an assignment of rents and leases	June 2040. Payable from net cash flow of the project.	8,216,784	-	9,205,081	-
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	-
				11,036,813	-	12,106,325	-
Cottage Brook							
CBLP	2.61% **	Mortgage	December 2045. Payable from net cash flow of the project.	16,030,030	1,503,953	16,030,030	2,215,234
CBLP	0.00%	Mortgage	December 2045	543,916	-	543,916	-
DBEDC	2.61% **	Mortgage	December 2045	1,500,000	212,888	1,500,000	169,319
DBEDC	0.00%	Mortgage	December 2045	494,401	-	494,401	-
				18,568,347	1,716,841	18,568,347	2,384,553
Total contingent debt and deferred interest - Rental Properties (see Note 9)				\$ 56,660,915	\$ 17,264,009	\$ 58,254,118	\$ 18,275,457

** Interest is compounded annually

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Rental Properties
December 31, 2021
(With Summarized Comparative Totals as of December 31, 2020)

	2021											
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	\$ 106,012	\$ 814,727	\$ 273,988	\$ 631,750	\$ 264,287	\$ 246,534	\$ 141,175	\$ 1,160,848	\$ 1,126,835	\$ 17,623	\$ 259,025	\$ 142,964
Tenant and other receivables, net of allowance for doubtful accounts	-	40,140	20,566	72,219	7,795	1,814	16,029	74,212	31,514	-	85,807	6,458
Current portion of escrows and restricted deposits	-	78,270	26,361	197,096	-	5,085	15,830	14,769	86,349	-	-	17,303
Due from affiliates	-	-	-	-	-	-	-	-	-	(17,879)	-	-
Property held for sale	-	-	-	-	-	-	-	-	-	-	6,947,942	-
Prepaid expenses and other current assets	-	39,800	11,133	54,017	-	1,390	4,682	17,059	18,211	-	5,522	16,688
Total current assets	106,012	972,937	332,048	955,082	272,082	254,823	177,716	1,266,888	1,262,909	(256)	7,298,296	183,413
Other Assets:												
Escrows and restricted deposits, net of current portion	70,000	1,491,384	261,446	3,000,065	71,416	20,030	145,883	574,525	312,373	-	147,815	216,020
Notes and interest receivable, net of loan loss allowance	-	-	-	-	-	-	-	-	-	-	-	-
Deferred rental revenue	-	-	-	-	-	-	-	-	-	-	-	-
Projects under development	3,952,840	-	-	-	-	-	-	-	-	-	-	-
Capitalized costs, net	-	-	-	-	-	-	-	-	-	-	-	-
Total other assets	4,022,840	1,491,384	261,446	3,000,065	71,416	20,030	145,883	574,525	312,373	-	147,815	216,020
Property and Equipment:												
Land and land improvements	81,000	-	70,000	-	-	21,010	376,800	120,750	143,000	-	-	625,939
Buildings and improvements	879,575	640,240	6,187,253	16,871,854	1,459,125	714,855	5,202,889	10,555,618	9,627,003	-	-	7,288,174
Furniture, fixtures and equipment	4,237	81,381	213,186	710,961	-	4,369	44,215	334,235	468,431	-	-	233,071
	964,812	721,621	6,470,439	17,582,815	1,459,125	740,234	5,623,904	11,010,603	10,238,434	-	-	8,147,184
Less - accumulated depreciation	459,656	371,647	5,199,025	9,820,634	419,499	188,424	1,334,549	8,110,059	8,070,207	-	-	3,505,568
Net property and equipment	505,156	349,974	1,271,414	7,762,181	1,039,626	551,810	4,289,355	2,900,544	2,168,227	-	-	4,641,616
Total assets	\$ 4,634,008	\$ 2,814,295	\$ 1,864,908	\$ 11,717,328	\$ 1,383,124	\$ 826,663	\$ 4,612,954	\$ 4,741,957	\$ 3,743,509	\$ (256)	\$ 7,446,111	\$ 5,041,049
Liabilities and Net Assets												
Current Liabilities:												
Current portion of notes payable	\$ -	\$ -	\$ 2,250,579	\$ 246,960	\$ 22,087	\$ 167,855	\$ 44,739	\$ 43,010	\$ -	\$ -	\$ 2,629,020	\$ 44,967
Current portion of contingent debt and deferred interest	-	-	1,172,871	-	-	-	66,859	-	364,066	-	-	69,941
Current portion of due to affiliates	-	-	-	-	1,200	-	-	-	-	-	112,007	-
Current portion of accounts payable and accrued expenses	745,585	92,643	90,413	240,102	7,321	16,966	47,136	107,107	160,005	-	397,415	63,670
Total current liabilities	745,585	92,643	3,513,863	487,062	30,608	184,821	158,734	150,117	524,071	-	3,138,442	178,578
Long-term Liabilities:												
Accounts payable and accrued expenses, net of current portion	-	-	-	-	-	-	-	-	-	-	-	-
Notes payable, net of current portion and unamortized debt issuance costs	-	-	-	13,018,724	181,986	-	1,432,118	1,685,759	-	-	3,166,947	630,760
Due to affiliates, net of current portion	3,815,994	-	-	-	-	-	90,439	-	-	-	-	11,361
Total long-term liabilities	3,815,994	-	-	13,018,724	181,986	-	1,522,557	1,685,759	-	-	3,166,947	642,121
Contingent Debt and Deferred Interest, net of current portion	-	-	-	-	607,061	532,405	2,959,779	-	1,784,042	-	-	6,462,048
Total liabilities	4,561,579	92,643	3,513,863	13,505,786	819,655	717,226	4,641,070	1,835,876	2,308,113	-	6,305,389	7,282,747
Net Assets:												
Without donor restrictions:												
Operating	(639,573)	880,294	375,097	714,980	263,561	237,857	(521)	1,423,436	1,102,904	(256)	992,907	289,038
Development	136,846	-	-	-	-	-	-	-	-	-	-	-
Property and equipment	575,156	1,841,358	(2,024,052)	(2,503,438)	299,908	(128,420)	(27,595)	1,482,645	332,492	-	147,815	(2,530,736)
Total without donor restrictions	72,429	2,721,652	(1,648,955)	(1,788,458)	563,469	109,437	(28,116)	2,906,081	1,435,396	(256)	1,140,722	(2,241,698)
Total net assets	72,429	2,721,652	(1,648,955)	(1,788,458)	563,469	109,437	(28,116)	2,906,081	1,435,396	(256)	1,140,722	(2,241,698)
Total liabilities and net assets	\$ 4,634,008	\$ 2,814,295	\$ 1,864,908	\$ 11,717,328	\$ 1,383,124	\$ 826,663	\$ 4,612,954	\$ 4,741,957	\$ 3,743,509	\$ (256)	\$ 7,446,111	\$ 5,041,049

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Rental Properties - Continued
December 31, 2021
(With Summarized Comparative Totals as of December 31, 2020)

	2021									2020
	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	Indigo Properties	Total	Total
Assets										
Current Assets:										
Cash and cash equivalents	\$ 187,522	\$ 30,005	\$ 183,303	\$ 152,358	\$ 2,257,763	\$ 1,873,648	\$ 567,526	\$ 277,786	\$ 10,715,679	\$ 10,813,163
Tenant and other receivables, net of allowance for doubtful accounts	30,705	46,532	19,910	13,789	137,557	61,937	17,392	-	684,376	573,152
Current portion of escrows and restricted deposits	17,699	29,583	46,563	52,155	163,744	130,349	-	-	881,156	581,753
Due from affiliates	-	-	-	-	-	192,843	17,879	-	192,843	192,843
Property held for sale	-	-	-	-	-	-	-	-	6,947,942	-
Prepaid expenses and other current assets	56,112	52,042	6,608	6,567	157,571	162,381	68,866	-	678,649	701,435
Total current assets	292,038	158,162	256,384	224,869	2,716,635	2,421,158	671,663	277,786	20,100,645	12,862,346
Other Assets:										
Escrows and restricted deposits, net of current portion	647,490	487,482	316,592	229,173	2,552,309	2,687,609	-	4,024,201	17,255,813	10,502,379
Notes and interest receivable, net of loan loss allowance	-	-	-	-	-	-	-	-	-	9,795,800
Deferred rental revenue	-	-	-	-	-	-	-	-	-	39,168
Projects under development	-	-	-	-	-	-	-	-	3,952,840	4,041,407
Capitalized costs, net	975	-	2,304	83,366	87,839	63,000	19,899	-	257,383	264,672
Total other assets	648,465	487,482	318,896	312,539	2,640,148	2,750,609	19,899	4,024,201	21,466,036	24,643,426
Property and Equipment:										
Land and land improvements	927,842	987,282	1,014,326	105,576	1,814,973	3,858,716	866,636	1,918,403	12,932,253	11,479,593
Buildings and improvements	12,136,679	12,242,912	8,189,336	9,804,923	48,839,110	54,485,854	10,191,004	8,307,923	223,624,327	219,345,770
Furniture, fixtures and equipment	291,387	265,788	100,456	74,851	1,162,893	705,893	463,981	-	5,159,335	5,832,641
	13,355,908	13,495,982	9,304,118	9,985,350	51,816,976	59,050,463	11,521,621	10,226,326	241,715,915	236,658,004
Less - accumulated depreciation	4,716,102	4,869,747	2,800,825	3,391,503	10,768,449	7,387,362	159,545	20,414	71,593,215	69,297,799
Net property and equipment	8,639,806	8,626,235	6,503,293	6,593,847	41,048,527	51,663,101	11,362,076	10,205,912	170,122,700	167,360,205
Total assets	\$ 9,580,309	\$ 9,271,879	\$ 7,078,573	\$ 7,131,255	\$ 46,405,310	\$ 56,834,868	\$ 12,053,638	\$ 14,507,899	\$ 211,689,381	\$ 204,865,977
Liabilities and Net Assets										
Current Liabilities:										
Current portion of notes payable	\$ 869,370	\$ 84,239	\$ 28,856	\$ 31,847	\$ 575,247	\$ 772,137	\$ -	\$ -	\$ 7,810,913	\$ 2,759,947
Current portion of contingent debt and deferred interest	1,559,437	594,109	60,303	48,334	1,081,191	1,405,573	95,000	-	6,517,684	5,827,205
Current portion of due to affiliates	-	-	-	-	123,608	20,000	521,108	62,418	840,341	722,028
Current portion of accounts payable and accrued expenses	115,935	132,979	118,121	119,686	482,397	347,637	319,619	-	3,604,737	3,758,470
Total current liabilities	2,544,742	811,327	207,280	199,867	2,262,443	2,545,347	935,727	62,418	18,773,675	13,067,650
Long-term Liabilities:										
Accounts payable and accrued expenses, net of current portion	-	-	-	-	-	9,918	-	686,588	696,506	226,403
Notes payable, net of current portion and unamortized debt issuance costs	930,385	1,989,930	1,014,367	1,330,740	13,206,488	16,525,708	8,146,461	10,772,112	74,032,485	70,377,880
Due to affiliates, net of current portion	-	-	155,979	-	-	-	296,725	326,758	4,697,256	3,674,546
Total long-term liabilities	930,385	1,989,930	1,170,346	1,330,740	13,206,488	16,535,626	8,443,186	11,785,458	79,426,247	74,278,829
Contingent Debt and Deferred Interest, net of current portion	4,798,272	4,617,510	6,605,214	7,257,473	9,955,622	18,879,615	2,948,199	-	67,407,240	70,702,370
Total liabilities	8,273,399	7,418,767	7,982,840	8,788,080	25,424,553	37,960,588	12,327,112	11,847,876	165,607,162	158,048,849
Net Assets:										
Without donor restrictions:										
Operating	629,429	481,549	198,360	213,275	4,319,578	2,277,969	(169,064)	4,068,569	17,659,389	11,458,793
Development	-	-	-	-	-	-	-	-	136,846	(330,105)
Property and equipment	677,481	1,371,563	(1,102,627)	(1,870,100)	16,661,179	16,596,311	(104,410)	(1,408,546)	28,285,984	35,688,440
Total without donor restrictions	1,306,910	1,853,112	(904,267)	(1,656,825)	20,980,757	18,874,280	(273,474)	2,660,023	46,082,219	46,817,128
Total net assets	1,306,910	1,853,112	(904,267)	(1,656,825)	20,980,757	18,874,280	(273,474)	2,660,023	46,082,219	46,817,128
Total liabilities and net assets	\$ 9,580,309	\$ 9,271,879	\$ 7,078,573	\$ 7,131,255	\$ 46,405,310	\$ 56,834,868	\$ 12,053,638	\$ 14,507,899	\$ 211,689,381	\$ 204,865,977

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

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

Assets	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
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
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
Current portion of escrows and restricted deposits	-	-	45,788	48,464	94,967	121,831	-	581,753
Due from affiliates	-	-	-	-	-	192,843	17,879	192,843
Prepaid expenses and other current assets	54,557	51,061	6,656	6,603	156,532	156,774	45,665	701,435
Total current assets	260,454	136,522	314,555	245,354	2,824,640	2,124,837	480,117	12,862,346
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
Notes and interest receivable, net of loan loss allowance	-	-	-	-	-	-	-	9,795,800
Deferred rental revenue	-	-	-	-	-	-	-	39,168
Projects under development	-	-	-	-	-	-	2,047,062	4,041,407
Capitalized costs, net	2,933	-	3,560	85,545	98,819	69,300	4,515	264,672
Total other assets	647,140	511,092	304,602	299,518	2,648,852	2,726,730	2,051,577	24,643,426
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
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
Furniture, fixtures and equipment	266,926	249,560	98,824	67,027	1,162,893	705,893	167,088	5,832,641
	13,331,447	13,479,754	9,299,276	9,968,852	51,816,976	58,671,878	4,582,371	236,658,004
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
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
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
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
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
Current portion of due to affiliates	-	-	-	-	190,839	30,000	417,826	722,028
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
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
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
Due to affiliates, net of current portion	-	-	155,979	-	-	-	285,523	3,674,546
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
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
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
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
Development	-	-	-	-	-	-	-	(330,105)
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
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
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
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

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Properties
For the Year Ended December 31, 2021
(With Summarized Comparative Totals for the Year Ended December 31, 2020)

	2021											
	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	\$ -	\$ 1,426,807	\$ 1,165,123	\$ 2,692,485	\$ 93,536	\$ 105,960	\$ 389,426	\$ 2,013,895	\$ 2,097,813	\$ -	\$ 976,375	\$ 510,217
Interest income and other	-	3,447	827	7,834	35	5,600	16	6,704	424	-	11,296	9,632
Total operating revenues	-	1,430,254	1,165,950	2,700,319	93,571	111,560	389,442	2,020,599	2,098,237	-	987,671	519,849
Operating expenses:												
Personnel and related costs:												
Consulting and contract labor	-	195,535	101,889	423,378	-	7,198	13,898	162,371	133,484	-	50,571	64,214
Occupancy:												
Interest	-	-	92,217	285,214	1,931	10,519	65,541	95,258	-	-	321,729	40,722
Utilities	-	146,315	111,154	256,281	-	11,186	32,121	197,299	143,425	-	210,886	96,999
Contracted services	-	88,605	169,408	255,439	-	5,638	24,939	153,228	205,935	-	67,729	86,954
Real estate taxes	-	40,365	47,930	142,299	-	8,439	53,834	78,908	85,389	-	56,393	39,393
Repairs and maintenance	-	126,413	102,550	163,574	-	8,741	24,054	60,229	118,128	-	39,114	25,770
Insurance	-	54,130	27,069	91,271	-	2,781	8,905	33,047	37,932	-	32,510	21,373
Rent	-	-	-	-	1,200	-	-	-	-	-	-	-
Total occupancy	-	455,828	550,328	1,194,078	3,131	47,304	209,394	617,969	590,809	-	728,361	311,211
Other:												
Professional fees	-	12,750	22,944	54,933	-	9,095	3,510	26,838	14,930	-	28,058	6,406
Management fees	7,020	81,298	25,252	118,943	-	2,461	13,419	59,721	42,883	-	-	12,500
Office	-	31,392	13,449	85,723	-	828	8,109	24,794	25,580	-	137,412	15,365
Miscellaneous	8,004	5,470	3,620	94,399	-	-	839	11,227	5,146	257	5,320	2,832
Bad debts	-	3,047	454	3,972	-	-	-	44	5,391	-	11,488	-
Tenant services	-	12,000	16,602	165,642	-	-	3,600	71,797	74,221	-	-	-
Total other	15,024	145,957	82,321	523,612	-	12,384	29,477	194,421	168,151	257	182,278	37,103
Total operating expenses	15,024	797,320	734,538	2,141,068	3,131	66,886	252,769	974,761	892,444	257	961,210	412,528
Changes in net assets without donor restrictions from operations before depreciation and amortization	(15,024)	632,934	431,412	559,251	90,440	44,674	136,673	1,045,838	1,205,793	(257)	26,461	107,321
Depreciation and amortization	-	28,366	241,470	489,325	36,478	19,000	150,318	419,678	376,736	-	425,078	197,248
Changes in net assets without donor restrictions from operations	(15,024)	604,568	189,942	69,926	53,962	25,674	(13,645)	626,160	829,057	(257)	(398,617)	(89,927)
Non-operating revenues (expenses):												
Forgiveness of debt	-	-	-	-	-	-	-	-	-	-	3,819,702	-
Forgiveness of related party advances	-	-	-	-	-	-	-	-	-	-	355,972	-
Forgiveness of deferred rental receivable	-	-	-	-	-	-	-	-	-	-	(46,511)	-
Loss on write-off of financing fees	-	-	-	-	-	-	-	-	-	-	(446,637)	-
Incentive and supplemental management fees	-	-	(30,000)	-	-	-	-	(244,493)	(158,368)	-	-	-
Deferred interest	-	-	(144,892)	(79,876)	(13,964)	-	(47,104)	-	(156,963)	-	-	(270,558)
Loss on impairment	-	-	-	-	-	-	-	-	-	-	(2,210,296)	-
Total non-operating revenues (expenses)	-	-	(174,892)	(79,876)	(13,964)	-	(47,104)	(244,493)	(315,331)	-	1,472,230	(270,558)
Changes in net assets without donor restrictions	\$ (15,024)	\$ 604,568	\$ 15,050	\$ (9,950)	\$ 39,998	\$ 25,674	\$ (60,749)	\$ 381,667	\$ 513,726	\$ (257)	\$ 1,073,613	\$ (360,485)

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Properties - Continued
For the Year Ended December 31, 2021
(With Summarized Comparative Totals for the Year Ended December 31, 2020)

	2021								2020	
	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	Indigo Properties	Total	Total
Net Assets Without Donor Restrictions:										
Operating revenues:										
Rental income, net	\$ 980,870	\$ 1,005,002	\$ 509,854	\$ 558,940	\$ 5,080,407	\$ 5,263,210	\$ 1,030,291	\$ -	\$ 25,900,211	\$ 25,122,108
Interest income and other	23,536	18,002	59	31	52,337	22,067	6,135	-	167,982	301,831
Total operating revenues	1,004,406	1,023,004	509,913	558,971	5,132,744	5,285,277	1,036,426	-	26,068,193	25,423,939
Operating expenses:										
Personnel and related costs:										
Consulting and contract labor	124,432	122,824	61,509	63,829	367,156	563,180	188,277	-	2,643,745	2,462,432
Occupancy:										
Interest	112,909	129,472	35,974	73,666	400,927	749,158	38,607	29,505	2,483,349	2,603,150
Utilities	113,117	113,443	58,765	53,302	367,583	402,643	80,791	-	2,395,310	2,424,395
Contracted services	115,462	153,838	59,511	64,451	337,235	383,602	198,610	-	2,370,584	1,849,713
Real estate taxes	40,679	81,286	43,096	47,190	265,251	201,620	60,226	-	1,292,298	1,184,739
Repairs and maintenance	24,316	27,373	42,155	40,031	134,706	47,461	85,341	-	1,069,956	880,923
Insurance	69,139	65,157	18,360	17,544	168,700	195,936	43,879	-	887,733	757,376
Rent	4,820	3,744	5,119	6,671	-	-	-	-	21,554	20,909
Total occupancy	480,442	574,313	262,980	302,855	1,674,402	1,980,420	507,454	29,505	10,520,784	9,721,205
Other:										
Professional fees	21,121	13,599	13,228	15,951	10,060	13,461	47,559	-	314,443	316,151
Management fees	40,197	40,100	15,723	17,034	291,824	158,104	31,594	5,625	963,698	959,704
Office	28,870	18,799	11,578	11,152	64,024	68,491	34,439	-	580,005	488,176
Miscellaneous	1,656	-	583	114	44,766	30,394	3,292	9,074	226,993	118,147
Bad debts	2,567	9,468	-	-	9,533	959	-	-	46,923	452,743
Tenant services	26,400	26,400	13,431	14,550	108,233	62,694	-	-	595,570	602,696
Total other	120,811	108,366	54,543	58,801	528,440	334,103	116,884	14,699	2,727,632	2,621,466
Total operating expenses	725,685	805,503	379,032	425,485	2,569,998	2,877,703	812,615	44,204	15,892,161	14,805,103
Changes in net assets without donor restrictions from operations before depreciation and amortization	278,721	217,501	130,881	133,486	2,562,746	2,407,574	223,811	(44,204)	10,176,032	10,618,836
Depreciation and amortization	330,893	339,888	238,027	265,011	1,227,423	1,489,981	152,932	19,839	6,447,691	6,785,422
Changes in net assets without donor restrictions from operations	(52,172)	(122,387)	(107,146)	(131,525)	1,335,323	917,593	70,879	(64,043)	3,728,341	3,833,414
Non-operating revenues (expenses):										
Forgiveness of debt	-	-	-	-	-	-	-	-	3,819,702	1,625,581
Forgiveness of related party advances	-	-	-	-	-	-	-	-	355,972	-
Capital grants	-	-	-	-	-	-	-	-	-	185,860
Insurance losses	-	(24,392)	-	(16,578)	-	-	-	-	(40,970)	(25,000)
Forgiveness of deferred rental receivable	-	-	-	-	-	-	-	-	(46,511)	-
Incentive and supplemental management fees	-	-	-	-	(126,677)	(5,797)	-	-	(565,335)	(615,445)
Loss on write-off of financing fees	-	-	-	-	-	-	-	-	(446,637)	-
Deferred interest	(177,191)	(139,060)	(287,650)	(373,137)	-	(499,462)	(55,634)	-	(2,245,491)	(2,368,267)
Loss on impairment	-	-	-	-	-	-	-	-	(2,210,296)	-
Total non-operating revenues (expenses)	(177,191)	(163,452)	(287,650)	(389,715)	(126,677)	(505,259)	(55,634)	-	(1,379,566)	(1,197,271)
Changes in net assets without donor restrictions	\$ (229,363)	\$ (285,839)	\$ (394,796)	\$ (521,240)	\$ 1,208,646	\$ 412,334	\$ 15,245	\$ (64,043)	\$ 2,348,775	\$ 2,636,143

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Properties
For the Year Ended December 31, 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
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
Bad debts	4,850	4,345	620	1,179	-	3,652	2,687	14,143	886	-	208,494	8,252
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 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

	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
Interest income and other	6,118	6,978	1,660	1,104	67,228	37,806	830	301,831
Total operating revenues	955,573	1,003,018	505,002	542,317	4,996,294	4,912,974	410,993	25,423,939
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
Occupancy:								
Interest	116,912	134,069	36,911	75,645	413,605	769,009	5,610	2,603,150
Utilities	109,050	129,662	59,945	51,641	356,974	419,396	33,471	2,424,395
Contracted services	77,159	111,580	40,074	57,169	230,298	308,134	67,396	1,849,713
Real estate taxes	39,255	44,839	42,563	45,703	237,322	191,769	19,625	1,184,739
Repairs and maintenance	16,737	14,761	33,048	32,098	91,690	47,908	15,057	880,923
Insurance	53,405	50,158	16,221	15,502	152,904	152,859	16,554	757,376
Rent	4,738	3,744	4,875	6,352	-	-	-	20,909
Total occupancy	417,256	488,813	233,637	284,110	1,482,793	1,889,075	157,713	9,721,205
Other:								
Professional fees	17,921	23,085	15,020	15,784	31,294	25,637	27,379	316,151
Management fees	37,458	39,397	15,265	16,537	280,327	144,805	10,722	959,704
Office	23,354	18,620	12,150	12,183	62,256	88,199	19,083	488,176
Miscellaneous	1,583	2,444	904	442	43,595	30,260	8,065	118,147
Bad debts	22,364	19,602	-	8,645	58,127	59,478	35,419	452,743
Tenant services	26,400	26,400	13,088	14,127	108,000	60,908	-	602,696
Total other	129,080	129,548	56,427	67,718	583,599	409,287	100,668	2,937,617
Total operating expenses	669,367	735,803	349,130	414,298	2,467,715	2,787,189	321,717	15,121,254
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
Depreciation and amortization	330,893	340,341	237,911	263,425	1,452,103	1,483,488	7,287	6,785,422
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
Non-operating revenues (expenses):								
Forgiveness of debt	-	-	-	-	-	-	-	1,625,581
Capital grants	-	-	-	-	-	-	-	185,860
Forgiveness of related party advances	-	-	-	-	-	-	-	101,153
Insurance losses	-	-	-	(25,000)	-	-	-	(25,000)
Incentive and supplemental management fees	-	-	-	-	(122,988)	(5,628)	-	(615,445)
Deferred interest	(175,103)	(139,775)	(275,947)	(352,721)	-	(506,550)	(32,074)	(2,368,267)
Total non-operating revenues (expenses)	(175,103)	(139,775)	(275,947)	(377,721)	(122,988)	(512,178)	(32,074)	(1,096,118)
Changes in net assets without donor restrictions	\$ (219,790)	\$ (212,901)	\$ (357,986)	\$ (513,127)	\$ 953,488	\$ 130,119	\$ 49,915	\$ 2,421,145

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statements of Changes in Net Assets - Rental Properties
For the Years Ended December 31, 2021 and 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, 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	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)
Changes in net assets	(15,024)	604,568	15,050	(9,950)	39,998	25,674	(60,749)	381,667	513,726	(257)	1,073,613	(360,485)
Capital contributions	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	(3,593,357)	-	-	-	(744,921)	(667,570)	-	-	-
Syndication costs	-	-	-	-	-	-	-	-	-	-	-	-
Net asset transfer	-	-	-	-	-	-	-	-	-	-	-	-
Net Assets, December 31, 2021	<u>\$ 72,429</u>	<u>\$ 2,721,652</u>	<u>\$ (1,648,955)</u>	<u>\$ (1,788,458)</u>	<u>\$ 563,469</u>	<u>\$ 109,437</u>	<u>\$ (28,116)</u>	<u>\$ 2,906,081</u>	<u>\$ 1,435,396</u>	<u>\$ (256)</u>	<u>\$ 1,140,722</u>	<u>\$ (2,241,698)</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, 2021 and 2020

	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	Indigo Properties	Total
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	1,536,273	2,138,951	(509,471)	(1,135,585)	20,548,104	18,461,946	(262,810)	-	46,817,128
Changes in net assets	(229,363)	(285,839)	(394,796)	(521,240)	1,208,646	412,334	15,245	(64,043)	2,348,775
Capital contributions	-	-	-	-	-	-	-	519,230	519,230
Distributions	-	-	-	-	(775,993)	-	-	-	(5,781,841)
Syndication costs	-	-	-	-	-	-	(25,909)	-	(25,909)
Net asset transfer	-	-	-	-	-	-	-	2,204,836	2,204,836
Net Assets, December 31, 2021	<u>\$ 1,306,910</u>	<u>\$ 1,853,112</u>	<u>\$ (904,267)</u>	<u>\$ (1,656,825)</u>	<u>\$ 20,980,757</u>	<u>\$ 18,874,280</u>	<u>\$ (273,474)</u>	<u>\$ 2,660,023</u>	<u>\$ 46,082,219</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statements of Financial Position - Loan Programs
December 31, 2021 and 2020

Assets	2021				2020			
	Loan Programs				Loan Programs			
	DBEDC	DBNLF	BHSC	Total	DBEDC	DBNLF	BHSC	Total
Current Assets:								
Cash and cash equivalents	\$ -	\$ 43,122	\$ -	\$ 43,122	\$ -	\$ 43,122	\$ -	\$ 43,122
Grants receivable	-	151,909	-	151,909	-	94,366	-	94,366
Due from affiliates	(330,561)	330,561	-	-	(256,512)	256,512	-	-
Current portion of notes and interest receivable	-	288,712	6,447	295,159	-	212,679	26,482	239,161
Total current assets	(330,561)	814,304	6,447	490,190	(256,512)	606,679	26,482	376,649
Other Assets:								
Escrows and restricted deposits	-	696,516	447,419	1,143,935	-	824,428	333,205	1,157,633
Notes and interest receivable, net of current portion and loan loss allowance	-	310,542	96,164	406,706	-	69,267	88,374	157,641
Total other assets	-	1,007,058	543,583	1,550,641	-	893,695	421,579	1,315,274
Total assets	\$ (330,561)	\$ 1,821,362	\$ 550,030	\$ 2,040,831	\$ (256,512)	\$ 1,500,374	\$ 448,061	\$ 1,691,923
Liabilities and Net Assets								
Current Liabilities:								
Current portion of notes payable	\$ -	\$ 95,305	\$ -	\$ 95,305	\$ -	\$ 93,303	\$ -	\$ 93,303
Accounts payable and accrued expenses	-	377	-	377	-	-	-	-
Total current liabilities	-	95,682	-	95,682	-	93,303	-	93,303
Long-term Liabilities:								
Notes payable, net of current portion and unamortized debt issuance costs	-	422,043	-	422,043	-	522,380	-	522,380
Contingent Debt and Deferred Interest	8,800	45,000	-	53,800	8,800	45,000	-	53,800
Total liabilities	8,800	562,725	-	571,525	8,800	660,683	-	669,483
Net Assets:								
Without donor restrictions:								
Operating	(339,361)	801,555	(65,256)	396,938	(265,312)	375,880	(38,185)	72,383
With donor restrictions	-	457,082	615,286	1,072,368	-	463,811	486,246	950,057
Total net assets	(339,361)	1,258,637	550,030	1,469,306	(265,312)	839,691	448,061	1,022,440
Total liabilities and net assets	\$ (330,561)	\$ 1,821,362	\$ 550,030	\$ 2,040,831	\$ (256,512)	\$ 1,500,374	\$ 448,061	\$ 1,691,923

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statements of Activities - Loan Programs
For the Years Ended December 31, 2021 and 2020

	2021				2020			
	Loan Programs				Loan Programs			
	DBEDC	DBNLF	BHSC	Total	DBEDC	DBNLF	BHSC	Total
Net Assets Without Donor Restrictions:								
Operating revenues:								
Support:								
Grants, contracts and contributions	\$ -	\$ 906,445	\$ -	\$ 906,445	\$ -	\$ 271,537	\$ -	\$ 271,537
Net assets released from purpose restrictions	-	168,644	-	168,644	-	137,551	82,896	220,447
Total support	-	1,075,089	-	1,075,089	-	409,088	82,896	491,984
Fee income and other:								
Interest income and other	-	39,172	-	39,172	-	44,779	-	44,779
Resident and program service fees	-	5,428	-	5,428	-	18,267	-	18,267
Total fee income and other	-	44,600	-	44,600	-	63,046	-	63,046
Total operating revenues	-	1,119,689	-	1,119,689	-	472,134	82,896	555,030
Operating expenses:								
Loan Programs	5,064	830,922	27,071	863,057	4,570	990,762	90,868	1,086,200
General and Administrative	1,979	304,570	10,582	317,131	2,112	327,340	-	329,452
Total operating expenses	7,043	1,135,492	37,653	1,180,188	6,682	1,318,102	90,868	1,415,652
Changes in net assets without donor restrictions from operations	(7,043)	(15,803)	(37,653)	(60,499)	(6,682)	(845,968)	(7,972)	(860,622)
Non-operating revenue:								
Recovery of bad debt	-	136,908	-	136,908	-	-	-	-
Changes in net assets without donor restrictions	(7,043)	121,105	(37,653)	76,409	(6,682)	(845,968)	(7,972)	(860,622)
Net Assets With Donor Restrictions:								
Grants	-	321,415	122,739	444,154	-	293,811	-	293,811
Mortgage loan and bank interest	-	-	6,301	6,301	-	-	12,655	12,655
Net assets released from restrictions	-	(168,644)	-	(168,644)	-	(137,551)	(82,896)	(220,447)
Changes in net assets with donor restrictions	-	152,771	129,040	281,811	-	156,260	(70,241)	86,019
Changes in net assets	\$ (7,043)	\$ 273,876	\$ 91,387	\$ 358,220	\$ (6,682)	\$ (689,708)	\$ (78,213)	\$ (774,603)

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statements of Changes in Net Assets - Loan Programs
 For the Years Ended December 31, 2021 and 2020

	Loan Programs			
	DBEDC	DBNLF	BHSC	Total
Net Assets, December 31, 2019	\$ (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	(265,312)	839,691	448,061	1,022,440
Changes in net assets	(7,043)	273,876	91,387	358,220
Net asset transfers	(67,006)	145,070	10,582	88,646
Net Assets, December 31, 2021	<u>\$ (339,361)</u>	<u>\$ 1,258,637</u>	<u>\$ 550,030</u>	<u>\$ 1,469,306</u>