



AND AFFILIATES

**CONSOLIDATING FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

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December 31, 2022 and 2021

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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, 2022 and 2021, 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, 2022 and 2021, 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 65% and 69% of consolidating total assets at December 31, 2022 and 2021, respectively, and total revenues constituting 83% and 82% of consolidating operating revenues for the years ended December 31, 2022 and 2021, respectively. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those certain rental properties, is based solely on the reports of the other auditors.

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 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 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 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 45 through 57 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 2022, the information related to DB Pierce LLC, 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 DB Owner LLC 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 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.

Supplementary Information (Continued)

In our opinion, the supplementary information which insofar as it relates to the rental properties of the Agency, aside from DB Pierce LLC, 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 2022 and 2021, is based on the reports of other auditors, is fairly stated in all material respects to the consolidating financial statements as a whole.

AAFCPAs, Inc.

Westborough, Massachusetts
June 6, 2023

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Consolidating Statement of Financial Position

December 31, 2022

(With Summarized Comparative Totals as of December 31, 2021)

Assets	2022							2021
	Dorchester Bay							Total
	Operating	Loan Programs (Exhibit D)	Project Development	Total Dorchester Bay	Rental (Exhibit A)	Eliminations	Total	
Current Assets:								
Cash and cash equivalents	\$ 14,288,432	\$ 43,122	\$ 619,314	\$ 14,950,868	\$ 9,875,219	\$ -	\$ 24,826,087	\$ 20,456,925
Grants receivable	1,601,834	299,940	-	1,901,774	-	-	1,901,774	731,202
Tenant and other receivables, net of allowance for doubtful accounts	5,784	-	505,746	511,530	1,082,218	-	1,593,748	1,154,884
Current portion of escrows and restricted deposits	-	-	-	-	1,232,714	-	1,232,714	881,156
Current portion of due from affiliates, net of valuation allowance	3,900	6,055	137,790	147,745	200,320	(348,065)	-	-
Current portion of notes and interest receivable	-	212,200	-	212,200	-	-	212,200	295,159
Notes and interest receivable from related parties	-	-	1,980,481	1,980,481	-	(1,980,481)	-	-
Property held for sale	-	-	-	-	-	-	-	6,947,942
Prepaid expenses and other current assets	19,850	-	1,648	21,498	746,516	-	768,014	731,542
Total current assets	15,919,800	561,317	3,244,979	19,726,096	13,136,987	(2,328,546)	30,534,537	31,198,810
Other Assets:								
Escrows and restricted deposits, net of current portion	-	1,397,559	20,966	1,418,525	16,219,093	-	17,637,618	21,915,754
Notes and interest receivable, net of current portion and loan loss allowance	-	586,156	7,221,724	7,807,880	-	-	7,807,880	7,628,430
Notes and interest receivable from related parties, net of current portion and valuation allowance	-	-	390,831	390,831	-	(390,831)	-	-
Right-of-use asset	1,455,474	-	-	1,455,474	411,232	(1,455,474)	411,232	-
Projects under development	-	-	10,348,519	10,348,519	-	-	10,348,519	7,248,730
Due from affiliates, net of current portion and valuation allowance	-	-	873,796	873,796	-	(873,796)	-	-
Investments in affiliates, net	-	-	562,576	562,576	-	(562,576)	-	-
Capitalized costs, net	-	-	-	-	236,229	-	236,229	257,383
Total other assets	1,455,474	1,983,715	19,418,412	22,857,601	16,866,554	(3,282,677)	36,441,478	37,050,297
Property and Equipment:								
Land and land improvements	-	-	8,786,250	8,786,250	12,960,463	-	21,746,713	19,941,373
Buildings and improvements	132,549	-	160,980	293,529	237,827,136	(17,613,655)	220,507,010	206,983,339
Furniture, fixtures and equipment	249,022	-	604	249,626	5,157,133	-	5,406,759	5,373,826
	381,571	-	8,947,834	9,329,405	255,944,732	(17,613,655)	247,660,482	232,298,538
Less - accumulated depreciation	319,740	-	101,323	421,063	77,679,603	(2,485,156)	75,615,510	69,928,151
Net property and equipment	61,831	-	8,846,511	8,908,342	178,265,129	(15,128,499)	172,044,972	162,370,387
Total assets	\$ 17,437,105	\$ 2,545,032	\$ 31,509,902	\$ 51,492,039	\$ 208,268,670	\$ (20,739,722)	\$ 239,020,987	\$ 230,619,494
Liabilities, Net Assets and Non-Controlling Interests								
Current Liabilities:								
Current portion of notes payable	\$ 70,000	\$ 140,863	\$ 833,823	\$ 1,044,686	\$ 2,158,590	\$ (5,406)	\$ 3,197,870	\$ 9,536,857
Current portion of contingent debt and deferred interest	-	-	-	-	3,734,695	(1,975,075)	1,759,620	4,701,064
Current portion of due to affiliates	-	-	200,320	200,320	147,745	(348,065)	-	-
Current portion of lease liability	185,064	-	-	185,064	4,574	(185,064)	4,574	-
Current portion of accounts payable and accrued expenses	217,783	-	2,576,176	2,793,959	2,249,351	-	5,043,310	4,142,122
Conditional grant advances	245,882	-	-	245,882	-	-	245,882	-
Total current liabilities	718,729	140,863	3,610,319	4,469,911	8,294,955	(2,513,610)	10,251,256	18,380,043
Long-term Liabilities:								
Accounts payable and accrued expenses, net of current portion	-	-	426	426	707,233	-	707,659	1,053,059
Notes payable, net of current portion and unamortized debt issuance costs	-	1,777,328	12,132,591	13,909,919	73,594,455	(96,134)	87,408,240	83,806,746
Lease liability, net of current portion	1,272,605	-	-	1,272,605	406,658	(1,272,605)	406,658	-
Due to affiliates, net of current portion	-	-	-	-	1,739,717	(1,739,717)	-	-
Total long-term liabilities	1,272,605	1,777,328	12,133,017	15,182,950	76,448,063	(3,108,456)	88,522,557	84,859,805
Contingent Debt and Deferred Interest, net of current portion	-	53,800	5,978,226	6,032,026	71,106,136	(29,700,972)	47,437,190	39,259,978
Total liabilities	1,991,334	1,971,991	21,721,562	25,684,887	155,849,154	(35,323,038)	146,211,003	142,499,826
Net Assets and Non-Controlling Interests:								
Without donor restrictions:								
Operating	13,691,179	(371,181)	(444,215)	12,875,783	4,842,032	-	17,717,815	36,757,344
Development	-	-	9,424,486	9,424,486	-	-	9,424,486	9,438,183
Property and equipment	59,636	-	-	59,636	47,577,484	(33,913,021)	13,724,099	(6,858,844)
Board designated	359,956	-	-	359,956	-	-	359,956	359,940
Total without donor restrictions	14,110,771	(371,181)	8,980,271	22,719,861	52,419,516	(33,913,021)	41,226,356	39,696,623
With donor restrictions	1,335,000	944,222	808,069	3,087,291	-	-	3,087,291	3,658,552
Total Dorchester Bay's consolidated net assets	15,445,771	573,041	9,788,340	25,807,152	52,419,516	(33,913,021)	44,313,647	43,355,175
Non-controlling interests	-	-	-	-	-	48,496,337	48,496,337	44,764,493
Total net assets and non-controlling interests	15,445,771	573,041	9,788,340	25,807,152	52,419,516	14,583,316	92,809,984	88,119,668
Total liabilities, net assets and non-controlling interests	\$ 17,437,105	\$ 2,545,032	\$ 31,509,902	\$ 51,492,039	\$ 208,268,670	\$ (20,739,722)	\$ 239,020,987	\$ 230,619,494

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, 2021

Assets	Dorchester Bay				Rental (Exhibit A)	Eliminations	Total
	Operating	Loan Programs (Exhibit D)	Project Development	Total Dorchester Bay			
Current Assets:							
Cash and cash equivalents	\$ 9,428,159	\$ 43,122	\$ 287,588	\$ 9,758,869	\$ 10,698,056	\$ -	\$ 20,456,925
Grants receivable	579,293	151,909	-	731,202	-	-	731,202
Tenant and other receivables, net of allowance for doubtful accounts	5,784	-	446,845	452,629	702,255	-	1,154,884
Current portion of escrows and restricted deposits	-	-	-	-	881,156	-	881,156
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
Notes and interest receivable from related parties	-	-	2,354,845	2,354,845	-	(2,354,845)	-
Current portion of investments in affiliates, net of allowance	876,271	-	-	876,271	-	(876,271)	-
Property held for sale	-	-	-	-	6,947,942	-	6,947,942
Prepaid expenses and other current assets	51,174	-	1,719	52,893	678,649	-	731,542
Total current assets	10,941,881	490,190	3,930,138	15,362,209	20,100,901	(4,264,300)	31,198,810
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
Notes and interest receivable, net of current portion and loan loss allowance	-	406,706	7,221,724	7,628,430	-	-	7,628,430
Projects under development	-	-	3,295,890	3,295,890	3,952,840	-	7,248,730
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
Total other assets	3,497,500	1,550,641	12,856,062	17,904,203	21,466,036	(2,319,942)	37,050,297
Property and Equipment:							
Land and land improvements	-	-	7,009,120	7,009,120	12,932,253	-	19,941,373
Buildings and improvements	132,549	-	160,980	293,529	223,624,327	(16,934,517)	206,983,339
Furniture, fixtures and equipment	214,491	-	-	214,491	5,159,335	-	5,373,826
	347,040	-	7,170,100	7,517,140	241,715,915	(16,934,517)	232,298,538
Less - accumulated depreciation	305,724	-	91,005	396,729	71,593,215	(2,061,793)	69,928,151
Net property and equipment	41,316	-	7,079,095	7,120,411	170,122,700	(14,872,724)	162,370,387
Total assets	\$ 14,480,697	\$ 2,040,831	\$ 23,865,295	\$ 40,386,823	\$ 211,689,637	\$ (21,456,966)	\$ 230,619,494
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
Current portion of contingent debt and deferred interest	-	-	274,991	274,991	6,517,684	(2,091,611)	4,701,064
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	3,614,655	(257,987)	4,142,122
Total current liabilities	438,873	95,682	2,449,924	2,984,479	18,783,593	(3,388,029)	18,380,043
Long-term Liabilities:							
Accounts payable and accrued expenses, net of current portion	-	-	366,471	366,471	686,588	-	1,053,059
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
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	79,416,329	(5,098,809)	84,859,805
Contingent Debt and Deferred Interest, net of current portion	-	53,800	585,000	638,800	67,407,240	(28,786,062)	39,259,978
Total liabilities	508,873	571,525	13,085,166	14,165,564	165,607,162	(37,272,900)	142,499,826
Net Assets and Non-Controlling Interests:							
Without donor restrictions:							
Operating	9,989,129	396,938	2,474,047	12,860,114	23,897,230	-	36,757,344
Development	3,497,500	-	5,803,837	9,301,337	136,846	-	9,438,183
Property and equipment	41,316	-	-	41,316	22,048,399	(28,948,559)	(6,858,844)
Board designated	359,940	-	-	359,940	-	-	359,940
Total without donor restrictions	13,887,885	396,938	8,277,884	22,562,707	46,082,475	(28,948,559)	39,696,623
With donor restrictions	83,939	1,072,368	2,502,245	3,658,552	-	-	3,658,552
Total Dorchester Bay's consolidated net assets	13,971,824	1,469,306	10,780,129	26,221,259	46,082,475	(28,948,559)	43,355,175
Non-controlling interests	-	-	-	-	-	44,764,493	44,764,493
Total net assets and non-controlling interests	13,971,824	1,469,306	10,780,129	26,221,259	46,082,475	15,815,934	88,119,668
Total liabilities, net assets and non-controlling interests	\$ 14,480,697	\$ 2,040,831	\$ 23,865,295	\$ 40,386,823	\$ 211,689,637	\$ (21,456,966)	\$ 230,619,494

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, 2022
(With Summarized Comparative Totals for the Year Ended December 31, 2021)

	2022						2021
	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	\$ 208,929	\$ 276,490	\$ 671,750	\$ 1,157,169	\$ -	\$ -	\$ 1,157,169
Special event	277,406	-	-	277,406	-	-	277,406
Net assets released from purpose restrictions	83,939	440,158	12,499	536,596	-	-	536,596
Net assets released from time restrictions	-	-	200,000	200,000	-	-	200,000
Total support	570,274	716,648	884,249	2,171,171	-	-	2,171,171
Fee income and other:							
Rental income, net	49,183	-	276,905	326,088	25,785,606	(38,818)	26,072,876
Interest income and other	19,191	46,933	2,439,890	2,506,014	258,937	(1,794,197)	970,754
Developer fees	-	-	1,366,016	1,366,016	-	(679,138)	686,878
Resident and program service fees	2,846,031	5,681	565,983	3,417,695	-	(3,407,014)	10,681
Total fee income and other	2,914,405	52,614	4,648,794	7,615,813	26,044,543	(5,919,167)	27,741,189
Total operating revenues	3,484,679	769,262	5,533,043	9,786,984	26,044,543	(5,919,167)	29,912,360
Operating expenses:							
Community Services	1,000,290	-	-	1,000,290	-	-	1,000,290
Asset Management	355,560	-	-	355,560	-	-	355,560
Loan Programs	-	1,362,479	-	1,362,479	-	-	1,362,479
Project Development	-	-	2,055,952	2,055,952	-	-	2,055,952
Rental	-	-	-	-	16,945,817	(606,187)	16,339,630
General and Administrative	350,629	366,429	555,707	1,272,765	-	(38,818)	1,233,947
Fundraising	580,157	-	-	580,157	-	-	580,157
Total operating expenses	2,286,636	1,728,908	2,611,659	6,627,203	16,945,817	(645,005)	22,928,015
Changes in net assets without donor restrictions from operations before depreciation and amortization	1,198,043	(959,646)	2,921,384	3,159,781	9,098,726	(5,274,162)	6,984,345
Depreciation and amortization	14,016	-	10,318	24,334	6,537,030	(423,363)	6,138,001
Changes in net assets without donor restrictions from operations	1,184,027	(959,646)	2,911,066	3,135,447	2,561,696	(4,850,799)	846,344
Non-operating revenues (expenses):							
Net assets released from capital restrictions	-	-	1,481,677	1,481,677	-	-	1,481,677
Capital grants	-	-	509,881	509,881	-	-	509,881
Forgiveness of debt	-	-	274,991	274,991	-	-	274,991
Recovery of bad debt	-	-	-	-	-	-	-
Allowance on notes receivable and due from affiliates	-	-	(796,975)	(796,975)	-	796,975	-
Allowance on investment in affiliate	-	-	(3,433,875)	(3,433,875)	-	3,433,875	-
Insurance losses	-	-	-	-	-	-	-
Forgiveness of deferred rental receivable	-	-	-	-	-	-	-
Loss on write-off of financing fees	-	-	-	-	-	-	-
Forgiveness (write-off) of related party advances	(57,451)	-	(641,961)	(699,412)	436,490	205,471	(57,451)
Incentive and supplemental management fees	-	-	-	-	(564,994)	428,545	(136,449)
Loss on impairment	-	-	(314,680)	(314,680)	-	-	(314,680)
Deferred interest	-	-	-	-	(2,173,827)	1,328,953	(844,874)
Total non-operating revenues (expenses)	(57,451)	-	(2,920,942)	(2,978,393)	(2,302,331)	6,193,819	913,095
Changes in net assets without donor restrictions	1,126,576	(959,646)	(9,876)	157,054	259,365	1,343,020	1,759,439
Net Assets With Donor Restrictions:							
Grants	1,335,000	311,995	-	1,646,995	-	-	1,646,995
Mortgage loan and bank interest	-	17	-	17	-	-	17
Net assets released from time restrictions	-	-	(200,000)	(200,000)	-	-	(200,000)
Net assets released from purpose restrictions	(83,939)	(440,158)	(1,494,176)	(2,018,273)	-	-	(2,018,273)
Changes in net assets with donor restrictions	1,251,061	(128,146)	(1,694,176)	(571,261)	-	-	(571,261)
Changes in net assets	2,377,637	(1,087,792)	(1,704,052)	(414,207)	259,365	1,343,020	1,188,178
Changes in Net Assets Attributable to Non-Controlling Interests	-	-	-	-	(229,706)	-	(229,706)
Changes in net assets attributable to Dorchester Bay	\$ 2,377,637	\$ (1,087,792)	\$ (1,704,052)	\$ (414,207)	\$ 29,659	\$ 1,343,020	\$ 958,472

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

	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	\$ 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	-	-	-	-	15,891,904	(631,858)	15,260,046
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	15,891,904	(689,108)	20,063,564
Changes in net assets without donor restrictions from operations before depreciation and amortization	1,870,141	(60,499)	4,750,317	6,559,959	10,176,289	(7,892,823)	8,843,425
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	3,728,598	(7,480,465)	2,776,635
Non-operating revenues (expenses):							
Capital grants	-	-	600,000	600,000	-	-	600,000
Forgiveness of debt	463,671	-	-	463,671	3,819,702	-	4,283,373
Recovery of bad debt	-	136,908	-	136,908	-	-	136,908
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)	-
Insurance losses	-	-	-	-	(40,970)	-	(40,970)
Forgiveness of deferred rental receivable	-	-	-	-	(46,511)	-	(46,511)
Loss on write-off of financing fees	-	-	-	-	(446,637)	-	(446,637)
Forgiveness of related party advances	-	-	-	-	355,972	(355,972)	-
Incentive and supplemental management fees	-	-	-	-	(565,335)	432,861	(132,474)
Amounts invested in projects under development	-	-	(1,579,912)	(1,579,912)	-	1,579,912	-
Loss on impairment	-	-	-	-	(2,210,296)	-	(2,210,296)
Deferred interest	-	-	-	-	(2,245,491)	1,195,230	(1,050,261)
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	2,349,032	(7,585,108)	3,869,767
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	2,349,032	(7,585,108)	5,876,353
Changes in Net Assets Attributable to Non-Controlling Interests	-	-	-	-	(501,204)	-	(501,204)
Changes in net assets attributable to Dorchester Bay	<u>\$ 2,221,612</u>	<u>\$ 358,220</u>	<u>\$ 8,532,597</u>	<u>\$ 11,112,429</u>	<u>\$ 1,847,828</u>	<u>\$ (7,585,108)</u>	<u>\$ 5,375,149</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, 2022 and 2021

	Dorchester Bay				Rental (Exhibit C)	Eliminations	Non- Controlling Interest	Total
	Operating	Loan Programs (Exhibit F)	Project Development	Total Dorchester Bay				
Net Assets, December 31, 2020	\$ 4,696,809	\$ 1,022,440	\$ 11,594,417	\$ 17,313,666	\$ 46,817,127	\$ (25,783,952)	\$ 44,473,294	\$ 82,820,135
Changes in net assets	2,221,612	358,220	8,532,597	11,112,429	2,349,032	(8,086,312)	501,204	5,876,353
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	13,971,824	1,469,306	10,780,129	26,221,259	46,082,475	(28,948,559)	44,764,493	88,119,668
Changes in net assets	2,377,637	(1,087,792)	(1,704,052)	(414,207)	259,365	1,113,314	229,706	1,188,178
Capital contributions	-	-	100	100	9,839,790	(9,839,890)	3,723,903	3,723,903
Distributions	-	-	-	-	(3,732,114)	3,732,114	(191,765)	(191,765)
Syndication costs	-	-	-	-	(30,000)	30,000	(30,000)	(30,000)
Net asset transfers	(903,690)	191,527	712,163	-	-	-	-	-
Net Assets, December 31, 2022	<u>\$ 15,445,771</u>	<u>\$ 573,041</u>	<u>\$ 9,788,340</u>	<u>\$ 25,807,152</u>	<u>\$ 52,419,516</u>	<u>\$ (33,913,021)</u>	<u>\$ 48,496,337</u>	<u>\$ 92,809,984</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, 2022

	Dorchester Bay	Rental	Eliminations	Total
Cash Flows from Operating Activities:				
Changes in net assets	\$ (414,207)	\$ 259,365	\$ 1,343,020	\$ 1,188,178
Adjustments to reconcile changes in net assets to net cash provided by operating activities:				
Depreciation and amortization	24,334	6,537,030	(423,363)	6,138,001
Loss on impairment	314,680	-	-	314,680
Amortization charged as interest expense	4,591	190,962	-	195,553
Bad debts	229,757	178,599	-	408,356
Capital grants	(509,881)	-	-	(509,881)
Forgiveness of related party advances	699,412	(436,490)	(205,471)	57,451
Allowance on notes receivable and due from affiliates	796,975	-	(796,975)	-
Deferred interest	-	2,173,827	(1,328,953)	844,874
Allowance on investment in affiliate	3,433,875	-	(3,433,875)	-
Forgiveness of debt	(274,991)	-	-	(274,991)
Change in discount on notes payable	-	20,921	-	20,921
Changes in lease assets and liabilities	2,195	-	(2,195)	-
Changes in operating assets and liabilities:				
Grants receivable	(1,170,572)	-	-	(1,170,572)
Tenant and other receivables	(118,696)	(558,562)	-	(677,258)
Due from affiliates	869,204	(7,477)	(861,727)	-
Prepaid expenses and other current assets	31,395	(67,867)	-	(36,472)
Due to affiliates	7,477	(3,213,645)	3,206,168	-
Accounts payable and accrued expenses	1,972,784	(1,344,659)	257,987	886,112
Conditional grant advance	245,882	-	-	245,882
Net cash provided by operating activities	6,144,214	3,732,004	(2,245,384)	7,630,834
Cash Flows from Investing Activities:				
Investment in affiliate	(2,492,603)	-	2,492,603	-
Net increase in notes and interest receivable	(323,904)	-	-	(323,904)
Proceeds from capital grants	509,881	-	-	509,881
Payments on notes and interest receivable to related parties	(598,070)	-	598,070	-
Purchase of property and equipment	(35,135)	(10,275,977)	679,138	(9,631,974)
Increase in capitalized costs	-	(2,044)	-	(2,044)
Increase in projects under development	(9,410,000)	-	-	(9,410,000)
Net cash used in investing activities	(12,349,831)	(10,278,021)	3,769,811	(18,858,041)
Cash Flows from Financing Activities:				
Capital contributions	-	9,839,790	(6,115,887)	3,723,903
Syndication costs	-	(30,000)	-	(30,000)
Distributions	-	(3,732,114)	3,540,349	(191,765)
Proceeds from sale of building	-	6,947,942	-	6,947,942
Proceeds from notes payable	6,223,759	12,408,771	-	18,632,530
Principal payments on notes payable	(3,180,750)	(18,430,836)	305,260	(21,306,326)
Proceeds from contingent debt	5,113,191	2,419,379	(765,000)	6,767,570
Payments on contingent debt and deferred interest	-	(4,384,914)	1,510,851	(2,874,063)
Net cash provided by financing activities	8,156,200	5,038,018	(1,524,427)	11,669,791
Net Change in Cash, Cash Equivalents and Restricted Cash	1,950,583	(1,507,999)	-	442,584
Cash, Cash Equivalents and Restricted Cash:				
Beginning of year	14,418,810	28,835,025	-	43,253,835
End of year	\$ 16,369,393	\$ 27,327,026	\$ -	\$ 43,696,419
Supplemental Disclosures of Cash Flow Information:				
Cash paid for interest	\$ 438,159	\$ 2,698,280	\$ (264,142)	\$ 2,872,297
Projects under development placed in service	\$ 1,301,877	\$ 3,952,840	\$ -	\$ 5,254,717
Supplemental Disclosure of Non-cash Transactions:				
Projects under development funded through construction payables and accrued interest	\$ 100,770	\$ -	\$ -	\$ 100,770
Due from affiliate converted to investment in affiliate	\$ 2,397,573	\$ -	\$ -	\$ 2,397,573
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Consolidating Statement of Financial Position:				
Cash	\$ 14,950,868	\$ 9,875,219	\$ -	\$ 24,826,087
Current portion of escrows and restricted deposits	-	1,232,714	-	1,232,714
Escrows and restricted deposits, net of current portion	1,418,525	16,219,093	-	17,637,618
Total cash, cash equivalents and restricted cash shown in the consolidating statement of cash flows	\$ 16,369,393	\$ 27,327,026	\$ -	\$ 43,696,419

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	\$ 2,349,032	\$ (7,585,108)	\$ 5,876,353
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	-
Deferred interest	-	2,245,491	(1,195,230)	1,050,261
Amounts invested in project development	1,579,912	-	(1,579,912)	-
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 operating activities	<u>11,615,950</u>	<u>10,204,449</u>	<u>(7,650,453)</u>	<u>14,169,946</u>
Cash Flows from Investing Activities:				
Cash paid for debt issuance costs	-	(655,060)	-	(655,060)
Investment in affiliate	(519,230)	-	519,230	-
Capitalized costs	-	(16,029)	-	(16,029)
Net increase in notes and interest receivable	(219,878)	-	-	(219,878)
Proceeds from 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)
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	6,955,610	-	6,975,971
Cash, Cash Equivalents and Restricted Cash:				
Beginning of year	<u>14,398,449</u>	<u>21,879,415</u>	<u>-</u>	<u>36,277,864</u>
End of year	<u>\$ 14,418,810</u>	<u>\$ 28,835,025</u>	<u>\$ -</u>	<u>\$ 43,253,835</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	\$ 9,758,869	\$ 10,698,056	\$ -	\$ 20,456,925
Current portion of escrows and restricted deposits	-	881,156	-	881,156
Escrows and restricted deposits, net of current portion	<u>4,659,941</u>	<u>17,255,813</u>	<u>-</u>	<u>21,915,754</u>
Total cash, cash equivalents and restricted cash shown in the consolidating statement of cash flows	<u>\$ 14,418,810</u>	<u>\$ 28,835,025</u>	<u>\$ -</u>	<u>\$ 43,253,835</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Consolidating Statement of Functional Expenses
For the Year Ended December 31, 2022

	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:										
Payroll	\$ 544,854	\$ 165,033	\$ 607,872	\$ 729,969	\$ 336,486	\$ 435,904	\$ 2,820,118	\$ -	\$ -	\$ 2,820,118
Consulting and contract labor	-	-	-	-	-	-	-	2,715,163	-	2,715,163
Employee benefits	120,523	37,314	112,216	131,487	107,544	53,407	562,491	-	-	562,491
Payroll taxes	41,177	12,196	48,622	57,905	20,103	31,941	211,944	-	-	211,944
Total personnel and related costs	706,554	214,543	768,710	919,361	464,133	521,252	3,594,553	2,715,163	-	6,309,716
Occupancy:										
Interest	34,142	2,288	-	368,204	2,111	-	406,745	2,889,242	(6,155)	3,289,832
Contracted services	-	-	-	392	-	-	392	2,514,323	-	2,514,715
Utilities	1,996	698	-	4,691	7,283	-	14,668	2,354,056	-	2,368,724
Real estate taxes	-	-	-	3,633	-	-	3,633	1,336,065	-	1,339,698
Repairs and maintenance	1,028	350	48	3,177	-	-	4,603	1,242,610	-	1,247,213
Insurance	15,391	4,526	1,754	2,397	47,202	300	71,570	996,826	-	1,068,396
Rent	17,558	-	-	21,546	58,514	-	97,618	22,288	(38,818)	81,088
Total occupancy	70,115	7,862	1,802	404,040	115,110	300	599,229	11,355,410	(44,973)	11,909,666
Other:										
Professional fees	186,941	60,548	293,538	173,701	503,163	18,175	1,236,066	308,709	-	1,544,775
Management fees	-	-	-	223,787	-	-	223,787	1,036,350	(106,125)	1,154,012
Office	21,929	39,278	29,461	55,823	142,781	8,448	297,720	502,850	-	800,570
Bad debts	-	-	227,413	2,344	-	-	229,757	178,599	-	408,356
Grants paid to others	-	-	-	408,259	-	-	408,259	-	-	408,259
Miscellaneous	14,751	33,329	7,898	5,082	47,126	31,982	140,168	233,879	-	374,047
Tenant services	-	-	-	-	-	-	-	614,857	(493,907)	120,950
Interest	-	-	33,657	1,897	451	-	36,005	-	-	36,005
Total other	223,621	133,155	591,967	870,893	693,521	58,605	2,571,762	2,875,244	(600,032)	4,846,974
Total expenses before depreciation and amortization and allocation of general and administrative	1,000,290	355,560	1,362,479	2,194,294	1,272,764	580,157	6,765,544	16,945,817	(645,005)	23,066,356
Depreciation and Amortization	-	-	-	10,318	14,016	-	24,334	6,537,030	(423,363)	6,138,001
Total expenses before allocation of general and administrative	1,000,290	355,560	1,362,479	2,204,612	1,286,780	580,157	6,789,878	23,482,847	(1,068,368)	29,204,357
Allocation of General and Administrative	269,020	95,625	366,428	555,707	(1,286,780)	-	-	-	-	-
	1,269,310	451,185	1,728,907	2,760,319	-	580,157	6,789,878	23,482,847	(1,068,368)	29,204,357
Less - capitalized costs	-	-	-	(138,342)	-	-	(138,342)	-	-	(138,342)
Total expenses	\$ 1,269,310	\$ 451,185	\$ 1,728,907	\$ 2,621,977	\$ -	\$ 580,157	\$ 6,651,536	\$ 23,482,847	\$ (1,068,368)	\$ 29,066,015

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, 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:										
Payroll	\$ 490,262	\$ 138,967	\$ 525,760	\$ 659,428	\$ 220,794	\$ 303,603	\$ 2,338,814	\$ -	\$ -	\$ 2,338,814
Consulting and contract labor	-	-	-	-	-	-	-	2,643,745	-	2,643,745
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
Contracted services	-	-	-	1,596	-	-	1,596	2,370,584	-	2,372,180
Utilities	-	-	-	1,443	-	-	1,443	2,395,310	-	2,396,753
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	-	-	-	-	-	-	-	939,350	(109,928)	829,422
Office	30,488	63,055	17,899	1,840	140,690	19,489	273,461	606,642	-	880,103
Bad debts	-	-	51,723	123,618	-	-	175,341	46,923	-	222,264
Grants paid to others	-	-	-	183,512	-	-	183,512	-	-	183,512
Miscellaneous	10,829	30,758	3,062	3,542	22,878	3,832	74,901	224,447	-	299,348
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	2,727,375	(594,181)	3,593,154
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	15,891,904	(689,108)	20,157,249
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	22,339,595	(1,101,466)	26,224,039
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	22,339,595	(1,101,466)	26,224,039
	-	-	-	(93,685)	-	-	(93,685)	-	-	(93,685)
Total expenses	\$ 976,555	\$ 336,567	\$ 1,180,188	\$ 2,010,945	\$ -	\$ 387,970	\$ 4,892,225	\$ 22,339,595	\$ (1,101,466)	\$ 26,130,354

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, 2022 and 2021

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.

Recently Adopted Accounting Pronouncement

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes the guidance in *Topic 840, Leases*. *Topic 842* amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-of-use (ROU) assets and lease liabilities on the consolidating statements of financial position for operating leases. The Agency adopted *Topic 842* effective January 1, 2022, using the optional transition method provided in ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. Under this transition method, financial information related to years prior to adoption remains as originally reported under *Topic 840*. The Agency elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed the Agency to carry forward the historical lease classification, as well as to skip reassessment of the treatment of initial direct costs and of whether a contract is or contains a lease. The Agency also elected to exclude short-term leases from the consolidating statements of financial position.

The most significant impact of adoption was the recognition of operating lease ROU assets and operating lease liabilities of \$413,068 as of January 1, 2022, related to lessee accounting. There were no material adjustments to the consolidating statements of financial position related to lessor accounting. The accounting for finance leases remained substantially unchanged. The Agency expects the impact of adoption to be immaterial to the consolidating statements of activities and cash flows on an ongoing basis.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2022 and 2021, 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.

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, 2022 and 2021, was \$6,114,803 and \$6,043,472, 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 during 2022 (see Note 15). There was an impairment loss of \$314,680 recognized in 2022 related to certain construction costs that were deemed unrecoverable by management.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which approximates the effective interest method (see Notes 8, 9, 18 and 19).

Capitalized Costs and Amortization

Capitalized costs consist of capitalized tax credit fees totaling \$527,964 and \$525,920 as of December 31, 2022 and 2021, respectively. These fees have been capitalized and are being amortized on the straight-line basis over the term of the tax credit period (fifteen years). Accumulated amortization was \$291,735 and \$268,537 as of December 31, 2022 and 2021, respectively. Amortization expense for 2022 and 2021 was \$23,198 and \$23,318, 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>
2023	\$ 21,060
2024	\$ 19,402
2025	\$ 19,402
2026	\$ 19,402
2027	\$ 19,402

Investments in Affiliates

Investments in affiliates are accounted for using the cost method and are generally eliminated in consolidation. Investments in affiliates consist of development grants and subsidies received by DBEDC and invested into various limited partnerships through DBEDC's general partner subsidiaries (see pages 20 through 21) as support for development projects carried on by those limited partnerships. Investments in affiliates are increased as new cash investments are made or by valuation recoveries of reserved investments. Investments in affiliates are reduced by cash distributions received which represents return of capital or impairments based on recoverability analysis (see Note 3).

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).

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**Revenue Recognition (Continued)**

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.

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 (see Note 16).

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

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

The Affiliates lease apartment units of various properties to various tenants for a period of twelve months or less. The lease agreements may contain renewals for a period of twelve months or less and do not require any variable lease payments. Because of the uncertainty of tenants' renewals and the existence of a mutual termination clause in the lease agreements, the Affiliates treat all residential leases as short-term leases. One affiliate also leases commercial space to a tenant continuing through November 2032 (see Note 12).

Rental income is accounted for in accordance with *Topic 842* and is recognized over the rental period and is shown net of vacancies and concessions of \$568,001 and \$423,802 for 2022 and 2021, respectively. The adoption of *Topic 842* did not change how rental income was recognized in prior years. Advance receipts of rental income are classified as liabilities (prepaid rent) until earned. Special event revenue is recognized when the event occurs.

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.

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 18). 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.

Leases

The Agency assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) and determines lease classification as operating or finance at inception. The Agency only reassesses their determination if the terms and conditions of the arrangement are changed. Leases with an initial term of twelve months or less are not recorded in the consolidating statements of financial position.

All of the Agency's leases are presented as ROU assets with a corresponding current and long-term lease liability in the accompanying consolidating statements of financial position. ROU assets represent the Agency's right to use an underlying asset during its lease term, and lease liabilities represent the obligation to make lease payments.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The ROU assets equal the lease liabilities adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Agency uses the implicit discount rate when it is readily determinable. Since the Agency's leases do not provide an implicit rate, the Agency used the incremental borrowing rate based on information available at the lease commencement date to determine the present value of the lease payments. Variable rent payments, if included in the lease agreement and not determinable at the lease commencement, are not included in the measurement of the lease liabilities. Lease expense is recognized on a straight-line basis over the lease term. The Agency's lease terms may include options to extend or terminate the lease. The Agency may elect to extend or terminate the lease when it is reasonably certain that the option will be exercised. As of December 31, 2022, these options were not exercised and, therefore, were not included in the calculation of ROU assets and lease liabilities.

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.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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.

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 and ROU assets net of related ROU 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, 2022 and 2021:

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>2022</u>	<u>2021</u>
Operating reserve	\$ 297,619	\$ 297,575
Non-operating reserve	<u>62,337</u>	<u>62,365</u>
	<u>\$ 359,956</u>	<u>\$ 359,940</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, 2022 and 2021

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>2022</u>	<u>2021</u>
Project Development:		
Other	\$ 514,200	\$ 694,000
Fairmount Collaborative (see Note 7)	293,869	506,368
Indigo Landowner	<u>-</u>	<u>1,301,877</u>
Subtotal Project Development	808,069	2,502,245
Other Purpose Restricted Grants:		
Other	1,335,000	83,939
Loan capital	824,721	952,867
Revolving loan fund capital – NWA	<u>119,501</u>	<u>119,501</u>
	<u>\$ 3,087,291</u>	<u>\$ 3,658,552</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.

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

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

Income Taxes

The Agency accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the consolidating financial statements regarding a tax position taken or expected to be taken in a tax return. The Agency has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the consolidating financial statements at December 31, 2022 and 2021.

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, 2022 and 2021. 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.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Subsequent events have been evaluated through June 6, 2023, which is the date the consolidating financial statements were available to be issued. See Note 8 for an event that 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 20 through 21, are collectively referred to as Dorchester Bay in the accompanying consolidating financial statements.

Dorchester Bay:

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

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

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

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

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

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

Controlled Affiliates:

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.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

Dorchester Bay: (Continued)

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 Apartments MM, LLC (Indigo MM) is a Massachusetts limited liability company. Indigo Blocker, LLC (see below) owns 100% of Indigo MM.

Indigo Blocker, LLC (Indigo Blocker) is a Massachusetts limited liability company that 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.

Leyland Street LLC (Leyland) is a Massachusetts limited liability corporation, formed in February 2022 to acquire and rehabilitate 43 low-income housing units in Boston, Massachusetts.

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
- **DB Dudley Terrace MM LLC**, managing general partner of Dudley Terrace Apartments LLC.
- **DB Pierce MM LLC**, managing general partner (1% ownership interest) of DB Pierce 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

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

General Partner Subsidiaries: (Continued)

- **Ceylon Field, Inc.**, general partner (.01% ownership interest) of Ceylon Field Limited Partnership
- **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

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 owned and operated a mixed residential-commercial property in Dorchester known as the Pierce Building. In September 2022, Pierce Properties sold the Pierce Building to DB Pierce.

DB Pierce LLC (DB Pierce) is a Massachusetts limited liability company, formed in September 2022, which acquired the Pierce Building from Pierce Properties (see above). DB Pierce LLC has a 1% partner interest in DB Pierce.

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

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

Rental Properties: (Continued)

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

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

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

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

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

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

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

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

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. Dudley Terrace Apartments is the .01% owned by DB Dudley Terrace MM LLC (see page 20).

Pearl Companies:

DB Pearl Owner LLC (DB Owner) (formerly, DB Pearl Master Tenant LLC) was a Massachusetts limited liability company, wholly-owned by DBEDC.

DB Pearl QALICB LLC (DB QALICB) was a Massachusetts limited liability company that DBEDC had a 95% interest in 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, during 2022, DB Owner sold the property (see Note 15).

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

3. RELATED PARTY TRANSACTIONS (Continued)

Consolidated Entities (Continued)

Rental Properties: (Continued)

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

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

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

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

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

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

Cottage Brook Apartments Limited Partnership (Cottage Brook) is a Massachusetts limited partnership, formed in July 2015 to acquire and rehabilitate the 147-unit project known as Cottage Brook Apartments, which was formerly owned by CBLP (see page 20).

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.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

3. RELATED PARTY TRANSACTIONS (Continued)

Investments in Affiliates

Investments in affiliates in the accompanying consolidating statements of financial position consisted of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Pierce	\$ 5,831,448	\$ -
Indigo Properties	1,126,925	842,386
Pearl Companies	-	876,271
Other Affiliates	<u>281,566</u>	<u>395,395</u>
	7,239,939	2,114,052
Less - valuation allowance	(6,677,363)	(610,204)
Less - current portion	-	(876,271)
Less - related party elimination	<u>(562,576)</u>	<u>(627,577)</u>
Net investments in affiliates	<u>\$ -</u>	<u>\$ -</u>

During 2022, Dorchester Bay recognized \$3,433,875 of write-offs of investments in affiliates, based on future expected cash flows, which is reflected in the accompanying consolidating statement of activities. During 2021, Dorchester Bay recognized \$984,618 of recovery of investments in affiliates, based on future expected cash flows, which is reflected in the accompanying consolidating statement of activities. As of December 31, 2022, total unreserved investments in affiliates consist of \$562,576 related to Indigo Properties. As of December 31, 2021, total unreserved investments in affiliates consist of \$876,271 and \$627,577 related to Pearl Companies and Indigo Properties, respectively. Dorchester Bay does not intend to seek recovery of 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, 2022 and 2021

3. RELATED PARTY TRANSACTIONS (Continued)

Notes and Interest Receivable from Related Parties (Continued)

As of December 31, 2022, 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	0% - 2.61%	\$ 18,568,347	\$ 789,155	Through 2045
150 Magnolia	2	0% - 3.50%	4,426,626	339,183	Through 2052*
Brunswick	3	0% - 6.50%	954,602	1,193,101	Through 2033
DB Pierce	5	0% - 7.62%	796,145	992,847	Through 2055
DV South	1	0.01%	765,000	19	September 2062
Columbia	5	0% - 10.0%	623,735	1,369,986	Through 2039
DVNC	3	5.0% - 7.62%	578,917	600,617	Through 2055
DB Leyland	1	1%	529,222	83,994	April 2020**
DV North	2	3.0%	495,372	2,598	Through 2062*
555 Dudley	4	0% - 6.0%	456,893	547,026	Through 2036
Quincy Heights	3	3.0% - 9.0%	445,761	282,548	Through 2038
DBULP	1	0%	432,464	-	December 2043
	1	10.0%	274,000	754,143	December 2029
			29,347,084	6,955,217	
Less - amounts characterized as equity*			4,185,518	339,183	
Less - valuation allowance			24,770,735	4,635,553	
Less - current portion			-	1,980,481	
Less - related party elimination			390,831	-	
Net notes and interest receivable from related parties			\$ -	\$ -	

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	0% - 2.61%	\$ 18,568,347	\$ 1,716,841	Through 2045
150 Magnolia	1	3.5%	3,905,518	195,642	August 2052*
Brunswick	4	0% - 6.55%	1,035,826	1,090,409	Through 2033
DV South	5	0% - 7.62%	796,145	916,060	Through 2022
Columbia	5	0% - 10.0%	623,735	1,226,654	Through 2039
DVNC	3	5.0% - 7.62%	578,917	551,191	Through 2022
555 Dudley	1	1%	529,222	77,839	April 2020**
DV North	3	3.0% - 9.0%	510,892	253,369	Through 2038
Quincy Heights	4	0% - 6.0%	456,893	495,148	Through 2036
DB Owner	1	0%	432,464	-	December 2043
DBULP	1	6.0%	300,000	257,987	August 2033
	1	10.0%	274,000	898,871	December 2022
			27,963,609	7,680,011	
Less - amounts characterized as equity*			3,905,518	195,642	
Less - valuation allowance			23,758,091	5,429,524	
Less - related party elimination			300,000	2,054,845	
Net notes and interest receivable from related parties			\$ -	\$ -	

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

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 these notes have been characterized as equity in the accompanying consolidating financial statements.

** Management is in the process of refinancing this note.

Recovery of (allowance on) 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>2022</u>	<u>2021</u>
Cottage Brook	\$ -	\$ 949,680
DB Owner	-	388,896
GALP	-	312,562
Dudley Terrace	-	218,068
DB QALICB	-	94,860
555 Dudley	-	5,247
Indigo	-	2,743
150 Magonolia	(31,975)	-
DB Pierce	(765,000)	-
	<u>\$ (796,975)</u>	<u>\$ 1,972,056</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>2022</u>	<u>2021</u>
CB Housing	\$ 1,361,452	\$ 455,893
DBULP	380,672	230,316
555 Dudley	31,581	69,524
DV South	17,894	24,167
Leyland Street	3,897	-
GALP	-	759,647
DB Owner	-	257,987
150 Magnolia	-	69,941
Other	-	482
	<u>\$ 1,795,496</u>	<u>\$ 1,867,957</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 2022 and 2021 totaled \$428,545 and \$432,861, respectively. These fees are recognized when paid based on prior cash flow for annual services provided by DBEDC.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

3. RELATED PARTY TRANSACTIONS (Continued)

Surplus Cash Flow Payments (Continued)

Distributions

During 2022, there were distributions of \$3,732,114 from certain limited partnerships based on 2021 cash flow, of which \$191,765 was distributed to unrelated parties. 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 an unrelated party. There are expected distributions of \$1,353,051 due in 2023 based on 2022 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.

Leases

Operating Lease

During 2022, DBEDC entered into a lease agreement with DB Pierce, expiring on November 16, 2032, with two options to extend for a period of five years each. Base rent is due and payable in monthly installments of \$15,388 increasing 3% annually.

The future maturities of the lease liabilities are as follows as of December 31, 2022:

2023	\$ 185,064
2024	189,998
2025	195,740
2026	201,565
2027	207,612
Thereafter	<u>1,114,698</u>
Total	2,094,677
Less - current portion	(185,064)
Less - present value discount	(637,008)
Less - elimination	<u>(1,272,605)</u>
Lease liability, net	<u>\$ -</u>

DBEDC used its incremental borrowing rate of 7.50% to calculate the present value of the lease liability. DBEDC incurred rent expense of \$17,584 for the year ended December 31, 2022, which is reflected as rent and eliminated in the accompanying consolidating statements of functional expenses.

Short-Term Leases

DBEDC leases space from certain rental properties under various agreements ranging from tenant-at-will through 2023. DBEDC has elected the practical expedient to not include these leases as operating ROU assets and liabilities in the accompanying consolidating statement of financial position as of December 31, 2022. Rent expense under these agreements was \$38,818 and \$57,250 for 2022 and 2021, respectively, which has been eliminated in the accompanying consolidating statements of activities.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

3. RELATED PARTY TRANSACTIONS (Continued)

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 2021	Recognized During 2021	Recognized During 2022	Remaining Contract Balance
Leyland	\$ 1,800,000	\$ 220,856	\$ 93,685	\$ 997,959	\$ 487,500
Indigo Apartments	1,046,685	850,795	157,895	31,695	-
Dudley Terrace Apartments	1,044,388	740,262	304,126	-	-
Pierce	900,000	283,273	69,436	427,292	120,000
Indigo MT	752,306	616,038	113,487	22,781	-
Columbia Crossing (see Note 7)	N/A	-	-	-	-
	5,543,379	2,717,524	738,628	1,618,069	607,500
Less - reserves	-	-	-	(113,711)	-
Less - capitalized costs	-	(644,735)	(163,120)	(138,342)	-
Sub-total	5,543,379	2,072,789	575,508	1,366,016	607,500
Less - eliminations	-	(401,977)	(38,201)	(679,138)	-
Total	<u>\$ 5,543,379</u>	<u>\$ 1,670,812</u>	<u>\$ 537,307</u>	<u>\$ 686,878</u>	<u>\$ 607,500</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 2022, \$16,567 of the developer fee related to Pierce was recovered and \$130,278 was written off related to Dudley Terrace Apartments which is shown net with developer fee revenue in the accompanying 2022 consolidating statement of activities.

Due from Affiliates

The following entities have fees and other advances due to Dorchester Bay as of December 31, 2022 and 2021. 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:

	2022	2021
Current:		
Cottage Brook	\$ 207,843	\$ 212,843
Indigo Support	69,721	62,418
Quincy Heights	49,006	123,608
DB Pierce	10,118	-
Leyland	7,477	-
DVNC	3,900	1,200
Dudley Terrace Apartments	-	521,108
DB Owner	-	112,007
Total current portion	<u>\$ 348,065</u>	<u>\$ 1,033,184</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

3. RELATED PARTY TRANSACTIONS (Continued)

Due from Affiliates (Continued)

	<u>2022</u>	<u>2021</u>
Long-term:		
Pierce	\$ 854,404	\$ 3,815,994
Indigo MT	337,000	326,758
Dudley Terrace Apartments	290,534	296,725
DV North	155,979	155,979
555 Dudley	90,439	90,439
150 Magnolia	<u>11,361</u>	<u>11,361</u>
	1,739,717	4,697,256
Less - valuation allowance	<u>865,921</u>	<u>3,004,891</u>
Total long-term portion	<u>\$ 873,796</u>	<u>\$ 1,692,365</u>

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

4. 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.

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.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

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

The construction escrow represented funds held for the rehabilitation of the Indigo Block project and Pierce Properties (see Note 7).

Loan portfolio reserves consists of funds required to be escrowed under the terms of certain mortgage agreements. This fund is restricted for small business lending.

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

	2022		
	Dorchester Bay	Rental	Total
Current:			
Escrows	\$ -	\$ 1,232,714	\$ 1,232,714
Long-term:			
Operating reserves	20,966	6,634,306	6,655,272
Replacement reserves	-	9,584,787	9,584,787
Loan portfolio reserves	<u>1,397,559</u>	<u>-</u>	<u>1,397,559</u>
Subtotal	<u>1,418,525</u>	<u>16,219,093</u>	<u>17,637,618</u>
	<u>\$ 1,418,525</u>	<u>\$ 17,451,807</u>	<u>\$ 18,870,332</u>
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	<u>1,143,935</u>	<u>-</u>	<u>1,143,935</u>
Subtotal	<u>4,659,941</u>	<u>17,255,813</u>	<u>21,915,754</u>
	<u>\$ 4,659,941</u>	<u>\$ 18,136,969</u>	<u>\$ 22,796,910</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, 2022 and 2021

6. NOTES AND INTEREST RECEIVABLE (Continued)

Loan Programs (Continued)

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

2023	\$ 212,200
2024	242,024
2025	199,578
2026	169,030
2027	153,070
Thereafter	<u>254,892</u>
	1,230,794
Plus - accrued interest	74,754
Less - current portion	212,200
Less - loan loss allowance	<u>507,192</u>
	<u>\$ 586,156</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.

During 2022, DBEDC entered into a note receivable with NS Apartments, LLC (a Massachusetts limited liability company) in the amount of \$800,000. This note bears interest at .1% and is due on June 30, 2062. The Agency has fully reserved this balance, including any accrued interest.

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 2022 and 2021:

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. 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 was placed into service during 2022.

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

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

7. PROJECTS UNDER DEVELOPMENT (Continued)

Leyland Street is a residential development in Dorchester. As of December 31, 2022 and 2021, costs associated with this project represent predevelopment and construction costs related to converting this 13,000 square foot property into a 42,000 square foot, 42-unit, affordable senior housing building. In February 2022, DB Leyland sold the property to Leyland for \$1,400,000.

Columbia Crossing is currently in the predevelopment stage with additional funding awarded subsequent to year-end (see Note 11). The project is a mixed-use, 48-unit, income restricted development with a focus on arts and innovation. The project will include the preservation and renovation of the historic Dorchester Savings Bank, which will host events, programming, and artist workspaces. The project is expected to begin construction in early 2024.

Projects under development consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
DB Leyland/Leyland	\$ 9,729,506	\$ 1,451,052
Various other projects	480,671	228,420
Capitalized salaries	138,342	314,541
Pierce Properties	-	3,952,840
Indigo Landowner	<u>-</u>	<u>1,301,877</u>
Total projects under development	<u>\$ 10,348,519</u>	<u>\$ 7,248,730</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. During 2022, there was impairment recognized in the amount of \$314,680 related to development costs that were not recoverable. No impairment loss was recognized during 2021 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, 2022 and 2021

8. NOTES PAYABLE

Notes payable at December 31, 2022 and 2021, consist of:

Entity	Lender	Security	Interest Rate	Maturity	Outstanding Balance	
					2022	2021
Operating:						
DBEDC	Massachusetts Housing Investment Corporation (MHIC)	Certain assets of DBEDC	Prime + 2.50%	February 2023 *	\$ 70,000	\$ 70,000
DBEDC	Massachusetts Growth Capital Corporation (MGCC)	Certain assets of DBEDC	5.75%	Demand	-	200,000
		Total operating			<u>70,000</u>	<u>270,000</u>
Loan Programs:						
DBEDC	TD Bank	Unsecured	2.50%	June 2032	1,500,000	-
DBNLF	SBA (2 loans)	Unsecured	Various	July 2028	368,191	467,348
DBNLF	Sisters of Charity	Unsecured	2.00%	June 2023	50,000	50,000
		Total loan programs			<u>1,918,191</u>	<u>517,348</u>
Project Development:						
DBEDC - Other	The Life Insurance Community Investment Initiative (2 loans)	Secured by certain notes receivable	4.85% and 4.50%	June 2031	7,792,260	7,792,260
DBEDC - Other	Hebrew Senior Life	Secured by collateral notes	5.00%	December 2023	811,765	-
DBEDC - Other	PNC	Unsecured	7.00%	December 2026	500,000	497,500
DBEDC - Other	The Life Insurance Community Investment Initiative	Mortgage and security agreement and collateral assignment on a certain limited partnership	5.00%	November 2024	-	1,395,640
DBEDC - Other	The Life Insurance Community Investment Initiative	Mortgage and security agreement and collateral assignment on a certain limited partnership	6.00%	Due on demand	-	185,951
Leyland	Eastern Bank Construction Loan	Mortgage and an assignment of rents and leases	3.90%	February 2024	2,093,836	-
Leyland	MHIC Bridge Loan	Secured by pledge ***	0.00%	Upon admission of investor	1,364,864	-
DB Leyland	DBEDC - Seller's Loan	First mortgage on the property **	3.00%	December 2024	280,000	-
DB Leyland	CEDAC	First mortgage on the property	4.50%	October 2023	-	642,600
DB Leyland	Local Initiatives Support Corporation (LISC)	Unsecured	5.00%	March 2022	-	399,258
DB Leyland	CEDAC	First mortgage on the property	7.00%	Refinance of the property	-	232,732
DFH	BlueHub Loan Fund, Inc.	First mortgage and an assignment of leases and rents on the premises	6.50%	June 2027	38,167	45,082
DFH	LISC	Shared first mortgage and an assignment of leases and rents on the premises	3.50%	August 2025	14,608	19,283
Colombia Crossing	The Life Initiative	Mortgage on certain property	6.00%	Due on Demand	450,794	-
DBH	BlueHub Loan Fund, Inc	First mortgage on 212 Quincy St. property	6.00%	June 2024	24,062	37,884
	Subtotal project development				<u>13,370,356</u>	<u>11,248,190</u>
	Less - amounts characterized as equity **				280,000	-
	Less - unamortized debt issuance costs				<u>123,942</u>	<u>128,533</u>
	Total project development				<u>12,966,414</u>	<u>11,119,657</u>
	Total DBEDC and Affiliates				14,954,605	11,907,005
	Total Rental Properties (see Note 18)				<u>75,753,045</u>	<u>81,843,398</u>
	Total notes payable before eliminations				90,707,650	93,750,403
	Less - eliminations				<u>101,540</u>	<u>406,800</u>
	Total notes payable				90,606,110	93,343,603
	Less - current portion				<u>3,197,870</u>	<u>9,536,857</u>
	Total long-term debt, net				<u>\$ 87,408,240</u>	<u>\$ 83,806,746</u>

* This loan was repaid subsequent to year-end.

** Because this instrument was created among DBEDC and Affiliate in controlled transfers, principal and accrued interest on the seller note for Leyland Street have been characterized as equity in the accompanying consolidating statements of financial position.

*** This loan will be converted to the investor's capital contribution.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

8. NOTES PAYABLE (Continued)

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

2023	\$ 3,197,870
2024	\$ 7,223,283
2025	\$ 5,658,478
2026	\$ 3,865,115
2027	\$ 3,789,171

Debt issuance costs related to these notes payable (see page 33 and Note 18) and contingent debt (see Notes 9 and 19) totaling \$2,383,594 and \$1,972,997 are being amortized over the terms of the related mortgages and are shown net of accumulated imputed interest of \$791,433 and \$799,881 as of December 31, 2022 and 2021, respectively. Amortization of debt issuance costs of \$128,536 and \$149,210 are included in interest expense in the accompanying consolidating statements of functional expenses for the years ended December 31, 2022 and 2021, 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 \$100,000 for the next three years and \$96,000 for 2026 and 2027.

These notes payable (see page 33 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, 2022 and 2021.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

9. CONTINGENT DEBT AND DEFERRED INTEREST

Contingent debt and deferred interest at December 31, 2022 and 2021, consist of:

Entity	Lender	Security	Interest Rate	Maturity	2022		2021	
					Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Loan Programs:								
DBNLF	City of Boston	Unsecured	0.00%	N/A*	\$ 25,000	\$ -	\$ 25,000	\$ -
DBNLF	Episcopal City Mission	Unsecured	0.00%	N/A*	20,000	-	20,000	-
DBEDC	LISC	Unsecured	0.00%	October 2021 **	8,800	-	8,800	-
Total Loan Programs					53,800	-	53,800	-
Project Development:								
DBEDC	LISC	Unsecured	1.00%	June 2051	585,000	-	585,000	-
DBH	Mayor's Office of Housing (MOH)	Mortgage and an assignment of rents and leases	0.00%	June 2019	-	-	217,991	-
DBH	MOH	Unsecured	0.00%	June 2019	-	-	57,000	-
Leyland LLC	DHCD NHT	Shared first mortgage on property	2.00%	June 2053	1,423,892	17,350	-	-
Leyland LLC	DHCD HIF	Shared first mortgage on property	2.00%	June 2053	950,000	16,925	-	-
Leyland LLC	DHCD HSF	Shared first mortgage on property	2.00%	June 2073	900,000	7,244	-	-
Leyland LLC	MOH	Shared first mortgage on property	2.00%	June 2053	900,000	9,767	-	-
Leyland LLC	DHCD AHTF	Shared first mortgage on property	2.00%	June 2053	483,147	2,416	-	-
Leyland LLC	DHCD FCF	Shared first mortgage on property	2.00%	June 2053	456,152	8,363	-	-
Leyland LLC	DBEDC	Shared first mortgage on property	2.00%	June 2062	215,372	2,598	-	-
Total Project Development					5,913,563	64,663	859,991	-
Total DBEDC and Affiliates					5,967,363	64,663	913,791	-
Total Rental Properties (see Note 19)					57,715,648	17,125,183	56,660,915	17,264,009
Total contingent debt and deferred interest before eliminations					63,683,011	17,189,846	57,574,706	17,264,009
Less - eliminations					25,060,013	6,616,034	23,651,291	7,226,382
Total contingent debt and deferred interest, net					\$ 38,622,998	\$ 10,573,812	\$ 33,923,415	\$ 10,037,627

* Maturities due upon termination or discontinuance of Micro-loan Program.

** Extension of this loan is being negotiated.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

9. CONTINGENT DEBT AND DEFERRED INTEREST (Continued)

Maturities of contingent debt and deferred interest over the next two years are as follows:

2023	\$ 3,734,695
2024	\$ 1,352,667

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:

	2022	
	Operating	Rental Programs
Cash and cash equivalents	\$ 14,950,868	\$ 9,875,219
Escrows and restricted deposits, current	-	1,232,714
Grants receivable	1,901,774	-
Tenant and other receivables, net	511,530	1,082,218
Notes and interest receivable	<u>212,200</u>	<u>-</u>
	17,576,372	12,190,151
Less - development project cash	(619,314)	-
Less - cash held for initiatives with donor restrictions and Board designated reserves (see Note 2)	(1,988,824)	-
Less - current portion of notes and interest receivable with donor restrictions	<u>(212,200)</u>	<u>-</u>
	<u>\$ 14,756,034</u>	<u>\$ 12,190,151</u>
	2021	
	Operating	Rental Programs
Cash and cash equivalents	\$ 9,758,869	\$ 10,698,056
Escrows and restricted deposits, current	-	881,156
Grants receivable	731,202	-
Tenant and other receivables, net	452,629	702,255
Notes and interest receivable	295,159	-
Current portion of investments in affiliates, net of allowance	<u>876,271</u>	<u>-</u>
	12,114,130	12,281,467
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>\$ 12,281,467</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

10. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (Continued)

The Agency aims to maintain working capital balances of at least six months of operating expenses. As of December 31, 2022 and 2021, the Agency and its operating affiliates had working capital (current assets less current liabilities) of \$15,256,185 and \$12,377,730, respectively, and average days of cash on hand of 397 and 372, 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, 2022 and 2021. 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.

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, 2022 and 2021, 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.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

11. COMMITMENTS AND CONTINGENCIES (Continued)

Sponsor Obligations (Continued)

As of December 31, 2022, DBEDC entered into the following loan commitments related to Columbia Crossing:

<u>Lender</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Initial Term</u>
Eastern Bank	Federal Rate per Annum	\$ 22,800,000	2.5 years
Bank of America	Bloomberg Rate per Annum	\$ 22,000,000	2.5 years
Eastern Bank	Federal Rate per Annum	\$ 5,109,219	2.5 years
Bank of America	5.7%	\$ 5,109,219	2.5 years
City of Boston - MOH	**	\$ 2,400,000	**
City of Boston - NHT	**	\$ 1,500,000	**

** Interest rate and initial term of these loan commitments have not yet been disclosed.

Projects Under Development

DB Pierce was 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, 2022, Federal Historic Tax Credits totaling \$1,782,000 are committed to be purchased by an investor.

As of December 31, 2022, DBEDC entered into the following loan commitments related to Leyland:

<u>Lender</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Initial Term</u>
MHP - Permanent Loan	4.6%	\$ 3,795,000	2 years

Leyland was also awarded \$3,575,000 of 2023 Massachusetts Low-Income Housing Tax Credits. As of December 31, 2022, Leyland was awarded Federal Low-Income Housing Tax Credits in the amount of \$9,990,000. The Agency was also awarded a grant in the amount of \$250,000 to be used towards the development of Leyland (see Note 16).

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 2118. Monthly rent under these agreements ranges from approximately \$1,500 to \$8,000. The leases qualify as an operating lease under the practical expedient (see Note 2). 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.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

12. LEASE AGREEMENTS (Continued)

The following is the maturity of the undiscounted operating lease receipts under the leases:

	<u>Dorchester Bay</u>	<u>Rental</u>	<u>Total</u>
2023	\$ 26,246	\$ 299,831	\$ 326,077
2024	27,036	231,632	258,668
2025	25,463	234,916	260,379
2026	-	122,166	122,166
2027	-	122,166	122,166
Thereafter	<u>-</u>	<u>11,711,136</u>	<u>11,711,136</u>
Total	<u>\$ 78,745</u>	<u>\$ 12,721,847</u>	<u>\$ 12,800,593</u>

13. GROUND LEASES

DV South entered into a ninety-nine-year ground lease with a Massachusetts nonprofit corporation. The lease is an operating lease and commenced in 2008. The initial ground lease rent was \$4,300 per year, adjusted annually by the percentage change in the Consumer Price Index for All Urban Consumers (CPI).

DV North entered into a ground lease with a Massachusetts nonprofit corporation for an initial term of ninety-nine years plus four extension options for additional twenty-year terms and one extension option for an additional nineteen-year term. The lease is an operating lease and commenced in 2008. The initial lease calls for annual administrative payments of \$3,300 per year adjusted annually by the percentage change in CPI with a cap of 5%.

Future CPI is not determinable and therefore deemed a variable rent cost which is not included in the operating lease ROU assets and related liabilities of DV South and DV North. Additional variable lease payments are required real estate taxes or other payments in lieu of tax assessments, any other municipal charges applicable to the ownership or use of the land, special assessments, and insurance.

Future minimum payments, prior to adoption of *Topic 842*, under the Prime Lease were as follows as of December 31, 2021:

2022	\$ 10,304
2023	10,304
2024	10,304
2025	10,304
2026	10,304
Thereafter	<u>678,823</u>
Total	<u>\$ 730,343</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

13. GROUND LEASES (Continued)

The future maturities of the lease liabilities are as follows as of December 31, 2022:

2023	\$ 10,304
2024	10,304
2025	10,304
2026	10,304
2027	10,304
Thereafter	<u>668,519</u>
Total	720,039
Less - current portion	(4,574)
Less - present value discount	<u>(308,807)</u>
Lease liability, net	<u>\$ 406,658</u>

DV South and DV North elected to use the risk-free rate to discount the future lease payments in lieu of its incremental borrowing rate, the rate used was 2.05%. For the years ended December 31, 2022 and 2021, the rent expense for DV South was \$7,004 and \$6,671, respectively, and the rent expense for DV North was \$5,375 and \$5,119, respectively.

Additional information about DV South's and DV North's leases is as follows for 2022:

Cash paid for amounts included in measuring operating liabilities	<u>\$ 21,234</u>
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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 \$141,000 and \$110,000 to the plan for 2022 and 2021, respectively, which are included in employee benefits in the accompanying consolidating statements of functional expenses.

15. 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.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

15. TRANSFER OF PROPERTY TO DB OWNER (Continued)

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>

On February 10, 2022, 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* for the year ended December 31, 2021.

16. CONDITIONAL GRANTS AND ADVANCES

During 2022 and 2021, the Agency was awarded several conditional grants in the amount of \$4,103,048 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 2022 and 2021, \$670,253 and \$2,276,803, 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 ASU 958, the remaining amount of \$560,742 will be recognized as conditions are met.

During 2022, the Agency was awarded and received payment for one conditional grant of \$250,000 to be used towards the development of Leyland and for one conditional grant of \$45,000 to be used in operations. During 2022, the Agency recognized \$34,128 and \$14,990 of these grants, which are included in capital grants and grants, contracts and contributions, respectively, in the accompanying consolidating statement of activities. The remaining balances of these conditional grants total \$245,882 and are included in conditional grant advances in the accompanying consolidating statement of financial position as of December 31, 2022.

17. RECLASSIFICATIONS

Certain amounts in the December 31, 2021 consolidating financial statements have been reclassified to conform with the December 31, 2022 presentation.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

18. NOTES PAYABLE - RENTAL PROPERTIES

Entity	Lender	Security	Interest Rate	Maturity Date	Outstanding Principal	
					2022	2021
DB Pierce	Eastern Bank	First mortgage on project	5.60%	* September 2024	** \$ 2,526,251	\$ -
DB Pierce	Life Initiative	First mortgage on project	5.00%	September 2025	2,347,453	-
DBULP	Silicon Valley Bank (SVB)	First mortgage on the property	5.00%	October 2022	-	1,520,115
DBULP	SVB	Second mortgage of the property	5.25%	October 2022	-	735,065
DBULP	SVB	First mortgage on the property	6.03%	December 2029	2,270,929	-
GALP	BERKADIA	First mortgage on the property	3.83%	* December 2051	13,377,335	13,617,000
DVNC	SVB	First mortgage on the property	3.30%	August 2030	198,913	220,963
DB618	SVB	First mortgage on the property	5.50%	September 2022	-	168,568
555 Dudley	MHP	First mortgage on the property	3.97%	March 2025	1,017,991	1,048,274
555 Dudley	MHP	Second mortgage of the property	4.50%	March 2025	330,812	340,020
555 Dudley	DBEDC	Fourth mortgage on the property	3.00%	January 2038	101,540	106,800
Wilder	MHP	First mortgage on the property	4.85%	* March 2035	1,772,806	1,815,815
Dudley Terrace Apartments	SVB	First mortgage on the property	3.00%	August 2022	-	8,260,000
Dudley Terrace Apartments	MHP	First mortgage on the property	3.26%	August 2042	5,264,138	-
DB Owner	City of Boston	Second priority interest in Pearl Investment Fund's Notes A and C and a first priority in Note B	4.50%	* August 2023	-	3,178,044
DB Owner	BlueHub Loan Fund, Inc.	Second priority interest in Pearl Investment Fund's Note B and a first mortgage on the property	5.00%	* February 2022	-	1,817,923
DB Owner	Coastal Enterprises, Inc.	Third mortgage on the property.	6.25%	* February 2022	-	500,000
DB Owner	DBEDC	Unsecured	6.00%	August 2033	-	300,000
150 Magnolia	MHP	First mortgage on the property	5.15%	January 2024	635,521	680,486
Brunswick	MHP	First mortgage on the property	5.96%	June 2027	1,750,456	1,823,681
Columbia	MHP	First mortgage on the property	5.95%	August 2027	2,011,974	2,096,213
DV North	MHP	Fourth mortgage on the property	3.17%	June 2028	569,692	596,432
DV North	MHP	Second mortgage of the property	2.00%	December 2028	400,000	400,000
DV North	MHP	First mortgage on the property	6.65%	December 2026	68,269	70,384
DV South	MHP	First mortgage on the property	6.27%	November 2026	903,538	935,385
DV South	MHP	Second mortgage of the property	2.00%	December 2026	450,000	450,000
Quincy Heights	Massachusetts Housing Financing Authority (MHFA)	First mortgage on the property	2.29%	June 2040	13,400,731	13,975,978
Cottage Brook	Eastern Bank	First mortgage on the property	4.20%	* December 2035	15,439,569	15,779,113
Cottage Brook	HUD	Second mortgage of the property	1.00%	December 2036	1,662,952	2,086,676
Indigo Support Corp	New Markets Investment 121, LLC (2 Loans)	Shared first mortgage on the property	3.16%	December 2053	6,240,000	6,240,000
Indigo Support Corp	MHIC NE CDE II Subsidiary 58 (3 Loans)	Shared first mortgage on the property	3.16%	December 2053	4,753,000	4,753,000
	Sub-total				77,493,870	83,515,935
	Less - unamortized discount				272,606	293,527
	Less - unamortized debt issuance costs				1,468,219	1,379,010
	Less - current portion				2,158,590	7,810,913
	Total long-term debt, net				<u>\$ 73,594,455</u>	<u>\$ 74,032,485</u>

* Guaranteed by DBEDC

** The maximum obligation of this note is \$4,200,000. This note will convert to a permanent loan upon maturity.

The long-term debt agreements contain various covenants with which the Agency must comply. As of December 31, 2022, the Agency was in compliance with these debt covenants.

Maturities of the long-term debt and amortization of debt issuance costs for the next five years are as follows:

Year Ending December 31,	Principal Payments	Amortization of Debt Issuance Costs
2023	\$ 2,158,590	\$ 85,890
2024	\$ 5,052,138	\$ 86,199
2025	\$ 5,574,105	\$ 86,227
2026	\$ 3,293,444	\$ 82,228
2027	\$ 3,719,557	\$ 82,584

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

19. CONTINGENT DEBT AND DEFERRED INTEREST - RENTAL PROPERTIES

Entity	Lender	Security	Interest Rate	Maturity	2022		2021	
					Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
DB Pierce	DBEDC	Mortgage on the project	0.01%	Septemeber 2062	\$ 765,000	\$ 19	\$ -	\$ -
DBULP	DBH	Third mortgage on the property	10.00% **	December 2029	274,000	754,143	274,000	898,871
DVNC	DBEDC	Property is pledged as collateral	1.00%**	April 2020****	529,222	83,995	529,222	77,839
DB618	City of Boston	Subordinate mortgage	0.00%	April 2050	272,405	-	272,405	-
DB618	MHIC	Second mortgage on the property	0.00%	December 2025	260,000	-	260,000	-
555 Dudley	City of Boston - Leading the Way Program	Shared third mortgage on property	0.00%	October 2042	650,000	-	650,000	-
555 Dudley	DHCD - Affordable Housing Trust							
	Fund Statute (AHTF)	Shared third mortgage on property	0.00%	October 2042	650,000	-	650,000	-
555 Dudley	DHCD - HOME	Shared third mortgage on property	0.00%	October 2042	387,500	-	387,500	-
555 Dudley	DHCD - Housing Stabilization and Investment Trust Fund Statute	Shared third mortgage on property	0.00%	October 2062	387,500	-	387,500	-
555 Dudley	Boston Redevelopment Authority (BRA)	Shared third mortgage on property	0.00%	October 2042	300,000	-	300,000	-
555 Dudley	DBEDC	Fifth mortgage on property	9.00%	December 2032	223,000	273,684	223,000	232,673
555 Dudley	DBEDC	Sixth mortgage on the property	5.00%	December 2032	121,208	8,864	176,000	19,965
Ceylon	City of Boston	First mortgage on the property	7.50% **	January 2029	1,250,000	674,671	1,250,000	898,108
150 Magnolia	City of Boston	Second mortgage on the property	5.50%	April 2034	749,304	1,604,555	749,304	1,510,514
150 Magnolia	DHCD	Third mortgage on the property	5.00%	December 2031	600,000	621,661	600,000	591,661
			5% simple interest for twenty years, then 0% through maturity					
150 Magnolia	CEDAC	Subordinate mortgage		December 2031	500,000	522,533	500,000	497,533
150 Magnolia	DBEDC	Subordinate mortgage	6.50% **	December 2033	430,895	1,193,101	430,895	1,090,409
150 Magnolia	DBEDC	Subordinate mortgage	0.00%	December 2021****	400,000	-	400,000	-
150 Magnolia	DBEDC	Subordinate mortgage	0.00%	December 2021	-	-	37,966	-
150 Magnolia	DBEDC	Subordinate mortgage	0.00%	December 2033	123,707	-	123,707	-
Dudley Terrace Apartments	MOH HOME	First mortgage on the property	2.00%	June 2051	1,692,529	81,805	1,692,529	47,955
Dudley Terrace Apartments	DHCD HOME	First mortgage on the property	7.00%	June 2051	500,000	84,583	500,000	49,583
Dudley Terrace Apartments	DHCD - Facilities Consolidation Fund	First mortgage on the property	2.00%	June 2051	406,500	18,343	375,203	10,631
Dudley Terrace Apartments	MOH NHT	First mortgage on the property	2.00%	June 2051	402,000	14,935	359,841	7,457
	Codman Square Neighborhood							
Dudley Terrace Apartments	Development Corp (CSNDC)	Mortgage on the project	3.00%	August 2060	254,800	7,325	-	-
Dudley Terrace Apartments	DHCD - AHTF	Mortgage on the project	2.00%	June 2051	805,015	6,797	-	-
Dudley Terrace Apartments	DBEDC	First mortgage on the project ***	3.50%	August 2052	3,905,518	339,183	3,905,518	195,642
Dudley Terrace Apartments	DBEDC	First mortgage on the property	0.00%	December 2032	521,108	-	-	-
Brunswick	MHFA	Mortgage on the project	0.10%	December 2036	824,681	825	915,936	916
Brunswick	DHCD	Mortgage on the project	0.00%	August 2046	1,115,475	-	1,115,475	-
Brunswick	City of Boston	Mortgage on the project	5.22%**	July 2038	900,233	336,570	900,233	365,484
Brunswick	MHP	Mortgage on the project	5.00%	August 2055	750,000	634,960	750,000	597,460
Brunswick	DBEDC	Mortgage on the project	5.00% **	December 2055	397,552	449,594	397,552	409,254
Brunswick	DBEDC	Mortgage on the project	5.00% **	December 2055	200,000	217,394	200,000	197,518
Brunswick	DBEDC	Mortgage on the project	7.62%	December 2055	110,540	237,255	110,540	228,832
Brunswick	DBEDC	Mortgage on the project	5.00% **	December 2055	82,503	88,604	82,503	80,456
Brunswick	DBEDC	Mortgage on the project	0.00%	December 2055	5,550	-	5,550	-
Columbia	MHFA	Mortgage on property, equipment and fixtures	0.10%	December 2036	981,676	983	1,081,118	1,082
Columbia	City of Boston	Mortgage on the project	4.40% **	July 2038	871,553	322,561	871,553	310,866
Columbia	DHCD	Mortgage on the project	5.00%	August 2055	750,000	635,501	750,000	598,001
Columbia	DHCD	Mortgage on the project	0.00%	August 2055	468,891	-	468,891	-
Columbia	DBEDC	Mortgage on the project	5.00% **	December 2055	376,744	299,834	376,744	267,616
Columbia	DBEDC	Mortgage on the project	7.62%	December 2055	117,377	212,030	117,377	203,086
Columbia	DBEDC	Mortgage on the project	5.00% **	December 2055	84,796	88,753	84,796	80,489

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements
December 31, 2022 and 2021

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

Entity	Lender	Security	Interest Rate	Maturity	2022		2021	
					Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
DV North	City of Boston	Shared third mortgage on property	6.00% **	September 2037	1,238,888	1,369,292	1,238,888	1,281,061
DV North	DHCD	Shared third mortgage on property	0.00%	March 2038	901,580	-	901,580	-
DV North	DHCD	Shared third mortgage on property	0.00%	March 2058	748,842	-	748,842	-
DV North	DHCD	Shared third mortgage on property	6.5% **	March 2058	600,000	1,043,407	600,000	943,105
DV North	DBEDC	Shared fifth mortgage on property	6.00% **	December 2036	300,000	462,105	300,000	418,967
DV North	DBEDC	Unsecured	0.00%	December 2036	79,250	-	79,250	-
DV North	DBEDC	Shared fifth mortgage on property	6.00% **	December 2036	49,200	62,036	49,200	55,740
DV North	DBEDC	Unsecured	5.00% **	December 2036	28,443	22,885	28,443	20,441
DV South	DHCD	Shared third mortgage on property	3.00%**	March 2038	1,078,477	617,066	1,078,477	567,681
DV South	City of Boston	Shared third mortgage on property	4.90% **	September 2037	800,000	784,092	800,000	722,081
DV South	DHCD	Shared third mortgage on property	3.00%**	March 2058	750,000	361,302	750,000	340,971
DV South	DHCD	Shared third mortgage on property	6.00%**	March 2058	500,000	767,980	500,000	696,207
DV South	DBEDC	Fourth mortgage on property	10.00%**	December 2024	300,000	1,052,667	300,000	929,698
DV South	DBEDC	Unsecured	0.00%	December 2039	126,750	-	126,750	-
DV South	DBEDC	Shared fifth mortgage on property	10.00%**	December 2036	114,057	168,208	114,057	166,248
DV South	DBEDC	Shared fifth mortgage on property	10.00%**	December 2026	53,300	149,110	53,300	130,709
DV South	DBEDC	Unsecured	0.00%	December 2039	29,628	-	29,628	-
Quincy Heights	DHCD	Mortgage and an assignment of rents and leases	0.00%	November 2044 *	593,126	-	675,228	-
Quincy Heights	City of Boston	Mortgage and an assignment of rents and leases	0.00%	June 2040 *	7,217,695	-	8,216,784	-
Quincy Heights	City of Boston	Mortgage on the project	0.00%	June 2040	1,312,337	-	1,312,337	-
Quincy Heights	DBEDC	Mortgage on the project	0.00%	December 2043	432,464	-	432,464	-
Quincy Heights	SVB	Mortgage on the project	0.00%	May 2028	400,000	-	400,000	-
Cottage Brook	CBLP	Mortgage on the project	2.61% **	December 2045 *	16,030,030	531,560	16,030,030	1,503,953
Cottage Brook	CBLP	Mortgage on the project	0.00%	December 2045	543,916	-	543,916	-
Cottage Brook	DBEDC	Mortgage on the project	2.61% **	December 2045	1,500,000	257,595	1,500,000	212,888
Cottage Brook	DBEDC	Mortgage on the project	0.00%	December 2045	494,401	-	494,401	-
Total Rental Properties					61,621,166	17,464,366	60,566,433	17,459,651
Less - current portion					1,467,489	2,267,206	1,638,646	4,879,038
Less - amounts characterized as equity ***					3,905,518	339,183	3,905,518	195,642
Total contingent debt and deferred interest, net					<u>\$ 56,248,159</u>	<u>\$ 14,857,977</u>	<u>\$ 55,022,269</u>	<u>\$ 12,384,971</u>

* Guaranteed by DBEDC

** These notes have compounding interest.

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

**** Management is in the process of refinancing these notes payable.

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Rental Properties
December 31, 2022
(With Summarized Comparative Totals as of December 31, 2021)

	2022										
Assets	Pierce Properties LP/ DB Pierce LLC	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	Pearl Companies	150 Magnolia LP
Current Assets:											
Cash and cash equivalents	\$ 3,256	\$ 903,593	\$ 431,247	\$ 454,139	\$ 328,614	\$ 79,125	\$ 75,175	\$ 961,404	\$ 1,151,527	\$ -	\$ 142,944
Tenant and other receivables, net of allowance for doubtful accounts	-	147,666	56,032	84,630	7,796	14,682	31,737	48,248	95,448	-	16,655
Current portion of escrows and restricted deposits	227,466	24,450	21,357	106,057	-	8,980	20,604	56,439	86,280	-	18,627
Due from affiliates	-	-	-	-	-	-	-	-	-	-	-
Property held for sale	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses and other current assets	6,058	44,957	25,419	42,082	-	1,866	5,352	59,024	19,486	-	17,850
Total current assets	236,780	1,120,666	534,055	686,908	336,410	104,653	132,868	1,125,115	1,352,741	-	196,076
Other Assets:											
Escrows and restricted deposits, net of current portion	242,500	1,033,364	214,809	2,744,340	71,542	22,487	156,172	646,193	112,105	-	232,450
Right-of-use asset	-	-	-	-	-	-	-	-	-	-	-
Projects under development	-	-	-	-	-	-	-	-	-	-	-
Capitalized costs, net	-	-	-	-	-	-	-	-	-	-	-
Total other assets	242,500	1,033,364	214,809	2,744,340	71,542	22,487	156,172	646,193	112,105	-	232,450
Property and Equipment:											
Land and land improvements	81,000	-	70,000	-	-	21,010	376,800	120,750	143,000	-	625,939
Buildings and improvements	13,661,991	1,496,713	6,183,863	16,977,419	1,459,126	714,855	5,234,509	10,640,887	9,707,952	-	7,288,174
Furniture, fixtures and equipment	78,734	144,345	168,803	755,679	-	17,867	54,270	277,681	321,776	-	233,071
	13,821,725	1,641,058	6,422,666	17,733,098	1,459,126	753,732	5,665,579	11,039,318	10,172,728	-	8,147,184
Less - accumulated depreciation	474,688	415,854	5,356,759	10,286,302	455,977	208,773	1,489,102	8,414,652	8,246,017	-	3,700,990
Net property and equipment	13,347,037	1,225,204	1,065,907	7,446,796	1,003,149	544,959	4,176,477	2,624,666	1,926,711	-	4,446,194
Total assets	\$ 13,826,317	\$ 3,379,234	\$ 1,814,771	\$ 10,878,044	\$ 1,411,101	\$ 672,099	\$ 4,465,517	\$ 4,395,974	\$ 3,391,557	\$ -	\$ 4,874,720
Liabilities and Net Assets											
Current Liabilities:											
Current portion of notes payable	\$ -	\$ -	\$ 32,376	\$ 256,587	\$ 22,844	\$ -	\$ 46,545	\$ 45,142	\$ -	\$ -	\$ 47,338
Current portion of contingent debt and deferred interest	-	-	342,065	-	-	-	15,296	-	308,779	-	57,646
Current portion of due to affiliates	10,118	-	-	-	3,900	-	-	-	-	-	-
Current portion of lease liability	-	-	-	-	-	-	-	-	-	-	-
Current portion of accounts payable and accrued expenses	-	103,339	87,757	205,956	6,121	25,301	49,098	137,666	102,856	-	88,920
Total current liabilities	10,118	103,339	462,198	462,543	32,865	25,301	110,939	182,808	411,635	-	193,904
Long-term Liabilities:											
Accounts payable and accrued expenses, net of current portion	646,035	-	-	-	-	-	-	-	-	-	-
Notes payable, net of current portion and unamortized debt issuance costs	4,836,674	-	2,151,437	12,840,377	161,128	-	1,390,194	1,646,979	-	-	588,183
Lease liability, net	-	-	-	-	-	-	-	-	-	-	-
Due to affiliates, net of current portion	854,404	-	-	-	-	-	90,439	-	-	-	11,361
Total long-term liabilities	6,337,113	-	2,151,437	12,840,377	161,128	-	1,480,633	1,646,979	-	-	599,544
Contingent Debt and Deferred Interest, net of current portion	765,019	-	686,078	-	613,217	532,405	2,986,460	-	1,615,892	-	6,688,110
Total liabilities	7,112,250	103,339	3,299,713	13,302,920	807,210	557,706	4,578,032	1,829,787	2,027,527	-	7,481,558
Net Assets:											
Without donor restrictions:											
Operating	226,662	1,017,327	71,857	224,365	303,545	79,352	21,929	942,307	941,106	-	2,172
Development	-	-	-	-	-	-	-	-	-	-	-
Property and equipment	6,487,405	2,258,568	(1,556,799)	(2,649,241)	300,346	35,041	(134,444)	1,623,880	422,924	-	(2,609,010)
Total without donor restrictions	6,714,067	3,275,895	(1,484,942)	(2,424,876)	603,891	114,393	(112,515)	2,566,187	1,364,030	-	(2,606,838)
Total net assets	6,714,067	3,275,895	(1,484,942)	(2,424,876)	603,891	114,393	(112,515)	2,566,187	1,364,030	-	(2,606,838)
Total liabilities and net assets	\$ 13,826,317	\$ 3,379,234	\$ 1,814,771	\$ 10,878,044	\$ 1,411,101	\$ 672,099	\$ 4,465,517	\$ 4,395,974	\$ 3,391,557	\$ -	\$ 4,874,720

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Rental Properties - Continued
December 31, 2022
(With Summarized Comparative Totals as of December 31, 2021)

	2022									2021
	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	\$ 206,902	\$ 72,604	\$ 228,943	\$ 156,383	\$ 1,712,397	\$ 1,657,130	\$ 1,174,037	\$ 135,799	\$ 9,875,219	\$ 10,698,056
Tenant and other receivables, net of allowance for doubtful accounts	46,683	37,536	16,241	22,035	166,748	237,459	52,622	-	1,082,218	702,255
Current portion of escrows and restricted deposits	20,636	41,880	51,736	52,735	279,158	126,395	89,914	-	1,232,714	881,156
Due from affiliates	-	-	-	-	-	192,843	-	7,477	200,320	192,843
Property held for sale	-	-	-	-	-	-	-	-	-	6,947,942
Prepaid expenses and other current assets	59,931	55,308	7,436	7,221	172,983	167,633	53,670	240	746,516	678,649
Total current assets	334,152	207,328	304,356	238,374	2,331,286	2,381,460	1,370,243	143,516	13,136,987	20,100,901
Other Assets:										
Escrows and restricted deposits, net of current portion	666,548	515,454	340,655	248,737	2,568,504	2,802,015	350,105	3,251,113	16,219,093	17,255,813
Right-of-use asset	-	-	131,703	279,529	-	-	-	-	411,232	-
Projects under development	-	-	-	-	-	-	-	-	-	3,952,840
Capitalized costs, net	-	-	1,047	81,188	76,859	56,700	20,435	-	236,229	257,383
Total other assets	666,548	515,454	473,405	609,454	2,645,363	2,858,715	370,540	3,251,113	16,866,554	21,466,036
Property and Equipment:										
Land and land improvements	927,842	987,282	1,002,509	105,576	1,814,973	3,858,716	906,663	1,918,403	12,960,463	12,932,253
Buildings and improvements	12,136,679	12,251,332	8,193,855	9,804,923	48,839,110	54,553,613	10,314,218	8,367,917	237,827,136	223,624,327
Furniture, fixtures and equipment	322,450	286,787	100,456	92,263	1,178,651	705,893	418,407	-	5,157,133	5,159,335
	13,386,971	13,525,401	9,296,820	10,002,762	51,832,734	59,118,222	11,639,288	10,286,320	255,944,732	241,715,915
Less - accumulated depreciation	5,046,995	5,209,635	3,024,701	3,654,461	12,092,407	8,882,133	460,823	259,334	77,679,603	71,593,215
Net property and equipment	8,339,976	8,315,766	6,272,119	6,348,301	39,740,327	50,236,089	11,178,465	10,026,986	178,265,129	170,122,700
Total assets	\$ 9,340,676	\$ 9,038,548	\$ 7,049,880	\$ 7,196,129	\$ 44,716,976	\$ 55,476,264	\$ 12,919,248	\$ 13,421,615	\$ 208,268,670	\$ 211,689,637
Liabilities and Net Assets										
Current Liabilities:										
Current portion of notes payable	\$ 77,710	\$ 89,390	\$ 29,861	\$ 33,903	\$ 588,560	\$ 783,606	\$ 104,728	\$ -	\$ 2,158,590	\$ 7,810,913
Current portion of contingent debt and deferred interest	195,003	172,138	108,206	35,620	959,169	1,361,452	179,321	-	3,734,695	6,517,684
Current portion of due to affiliates	-	-	-	-	49,006	15,000	-	69,721	147,745	840,341
Current portion of lease liability	-	-	3,300	1,274	-	-	-	-	4,574	-
Current portion of accounts payable and accrued expenses	148,989	182,671	120,429	135,462	464,675	228,381	161,730	-	2,249,351	3,614,655
Total current liabilities	421,702	444,199	261,796	206,259	2,061,410	2,388,439	445,779	69,721	8,294,955	18,783,593
Long-term Liabilities:										
Accounts payable and accrued expenses, net of current portion	-	-	-	-	-	-	-	61,198	707,233	686,588
Notes payable, net of current portion and unamortized debt issuance costs	1,651,133	1,903,099	988,454	1,301,818	12,638,796	15,798,131	4,921,525	10,776,527	73,594,455	74,032,485
Lease liability, net	-	-	128,403	278,255	-	-	-	-	406,658	-
Due to affiliates, net of current portion	-	-	155,979	-	-	-	290,534	337,000	1,739,717	4,697,256
Total long-term liabilities	1,651,133	1,903,099	1,272,836	1,580,073	12,638,796	15,798,131	5,212,059	11,174,725	76,448,063	79,416,329
Contingent Debt and Deferred Interest, net of current portion	6,156,733	5,038,561	6,797,722	7,617,017	8,996,453	17,996,050	4,616,419	-	71,106,136	67,407,240
Total liabilities	8,229,568	7,385,859	8,332,354	9,403,349	23,696,659	36,182,620	10,274,257	11,244,446	155,849,154	165,607,162
Net Assets:										
Without donor restrictions:										
Operating	(87,550)	(236,871)	42,560	32,115	269,876	(6,979)	924,464	73,795	4,842,032	23,897,230
Development	-	-	-	-	-	-	-	-	-	136,846
Property and equipment	1,198,658	1,889,560	(1,325,034)	(2,239,335)	20,750,441	19,300,623	1,720,527	2,103,374	47,577,484	22,048,399
Total without donor restrictions	1,111,108	1,652,689	(1,282,474)	(2,207,220)	21,020,317	19,293,644	2,644,991	2,177,169	52,419,516	46,082,475
Total net assets	1,111,108	1,652,689	(1,282,474)	(2,207,220)	21,020,317	19,293,644	2,644,991	2,177,169	52,419,516	46,082,475
Total liabilities and net assets	\$ 9,340,676	\$ 9,038,548	\$ 7,049,880	\$ 7,196,129	\$ 44,716,976	\$ 55,476,264	\$ 12,919,248	\$ 13,421,615	\$ 208,268,670	\$ 211,689,637

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Rental Properties
December 31, 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	\$ -	\$ 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	-	-	-	-	-	-	-	-	-	-	-	-
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	-	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
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	\$ -	\$ 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	-	6,788,874	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	-	(5,648,152)	(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	-	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	-	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	\$ -	\$ 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

	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
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	\$ 10,698,056
Tenant and other receivables, net of allowance for doubtful accounts	30,705	46,532	19,910	13,789	137,557	61,937	35,271	-	702,255
Current portion of escrows and restricted deposits	17,699	29,583	46,563	52,155	163,744	130,349	-	-	881,156
Due from affiliates	-	-	-	-	-	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
Total current assets	292,038	158,162	256,384	224,869	2,716,635	2,421,158	671,663	277,786	20,100,901
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
Projects under development	-	-	-	-	-	-	-	-	3,952,840
Capitalized costs, net	975	-	2,304	83,366	87,839	63,000	19,899	-	257,383
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
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
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
Furniture, fixtures and equipment	291,387	265,788	100,456	74,851	1,162,893	705,893	463,981	-	5,159,335
	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
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
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
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	\$ 211,689,637
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
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
Current portion of due to affiliates	-	-	-	-	123,608	20,000	521,108	62,418	840,341
Current portion of accounts payable and accrued expenses	115,935	132,979	118,121	119,686	482,397	357,555	319,619	-	3,614,655
Total current liabilities	2,544,742	811,327	207,280	199,867	2,262,443	2,555,265	935,727	62,418	18,783,593
Long-term Liabilities:									
Accounts payable and accrued expenses, net of current portion	-	-	-	-	-	-	-	686,588	686,588
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
Due to affiliates, net of current portion	-	-	155,979	-	-	-	296,725	326,758	4,697,256
Total long-term liabilities	930,385	1,989,930	1,170,346	1,330,740	13,206,488	16,525,708	8,443,186	11,785,458	79,416,329
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
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
Net Assets:									
Without donor restrictions:									
Operating	629,429	481,549	198,360	213,275	4,771,114	2,268,051	(169,064)	4,068,569	23,897,230
Development	-	-	-	-	-	-	-	-	136,846
Property and equipment	677,481	1,371,563	(1,102,627)	(1,870,100)	16,209,643	16,606,229	(104,410)	(1,408,546)	22,048,399
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	46,082,475
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	46,082,475
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	\$ 211,689,637

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Properties

For the Year Ended December 31, 2022

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

	2022										
	Pierce Properties LP/ DB Pierce LLC	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	Pearl Companies	150 Magnolia LP
Net Assets Without Donor Restrictions:											
Operating revenues:											
Rental income, net	\$ 17,584	\$ 1,550,489	\$ 1,212,886	\$ 2,729,850	\$ 93,536	\$ 99,227	\$ 401,407	\$ 2,029,537	\$ 2,124,974	\$ 147,537	\$ 528,384
Interest income and other	1,523	18,264	4,779	13,794	127	4,274	2,309	19,493	2,391	26,014	6,409
Total operating revenues	19,107	1,568,753	1,217,665	2,743,644	93,663	103,501	403,716	2,049,030	2,127,365	173,551	534,793
Operating expenses:											
Personnel and related costs:											
Consulting and contract labor	-	197,595	117,183	394,719	-	6,907	25,682	184,977	163,312	15,647	48,302
Occupancy:											
Interest	-	-	115,151	533,399	1,949	5,922	63,810	93,307	-	65,319	38,560
Contracted services	-	99,332	91,306	338,515	-	14,915	33,913	182,684	205,254	13,354	76,132
Utilities	-	155,091	123,149	253,558	-	9,198	36,530	207,326	157,716	44,074	100,590
Real estate taxes	-	44,043	51,346	154,501	-	8,462	46,235	84,919	95,922	7,013	36,669
Repairs and maintenance	-	249,254	37,635	156,050	-	16,235	35,788	90,061	86,276	4,571	53,882
Insurance	-	59,973	31,579	91,020	-	4,381	11,143	37,806	43,752	5,180	22,086
Rent	-	-	-	-	1,200	-	-	-	-	-	-
Total occupancy	-	607,693	450,166	1,527,043	3,149	59,113	227,419	696,103	588,920	139,511	327,919
Other:											
Professional fees	-	20,134	19,255	30,346	300	8,539	6,179	18,070	14,212	-	8,490
Management fees	4,680	62,193	29,000	121,893	-	2,825	14,694	67,760	49,200	3,651	12,500
Office	-	64,653	11,974	78,943	-	812	5,095	25,067	22,670	2,003	16,028
Bad debts	-	-	27,091	-	-	-	-	15,785	12,997	-	3,299
Miscellaneous	72	5,677	1,394	21,382	-	-	595	13,302	2,868	1,230	4,265
Tenant services	-	12,358	19,183	169,111	-	-	4,022	73,951	76,448	-	-
Total other	4,752	165,015	107,897	421,675	300	12,176	30,585	213,935	178,395	6,884	44,582
Total operating expenses	4,752	970,303	675,246	2,343,437	3,449	78,196	283,686	1,095,015	930,627	162,042	420,803
Changes in net assets without donor restrictions from operations before depreciation and amortization	14,355	598,450	542,419	400,207	90,214	25,305	120,030	954,015	1,196,738	11,509	113,990
Depreciation and amortization	15,032	44,207	250,097	465,668	36,478	20,349	154,554	414,778	388,310	-	195,422
Changes in net assets without donor restrictions from operations	(677)	554,243	292,322	(65,461)	53,736	4,956	(34,524)	539,237	808,428	11,509	(81,432)
Non-operating revenues (expenses):											
Forgiveness of debt	-	-	-	-	-	-	-	-	-	-	-
Forgiveness of related party advances	436,490	-	-	-	-	-	-	-	-	-	-
Insurance losses	-	-	-	-	-	-	-	-	-	-	-
Forgiveness of deferred rental receivable	-	-	-	-	-	-	-	-	-	-	-
Loss on write-off of financing fees	-	-	-	-	-	-	-	-	-	-	-
Incentive and supplemental management fees	-	-	(30,000)	-	-	-	-	(238,166)	(160,379)	-	-
Deferred interest	-	-	(98,309)	-	(13,314)	-	(49,875)	-	(140,629)	-	(283,708)
Loss on impairment	-	-	-	-	-	-	-	-	-	-	-
Total non-operating revenues (expenses)	436,490	-	(128,309)	-	(13,314)	-	(49,875)	(238,166)	(301,008)	-	(283,708)
Changes in net assets without donor restrictions	\$ 435,813	\$ 554,243	\$ 164,013	\$ (65,461)	\$ 40,422	\$ 4,956	\$ (84,399)	\$ 301,071	\$ 507,420	\$ 11,509	\$ (365,140)

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Properties - Continued
For the Year Ended December 31, 2022
(With Summarized Comparative Totals for the Year Ended December 31, 2021)

	2022								2021	
	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	\$ 1,040,242	\$ 1,058,685	\$ 548,430	\$ 571,918	\$ 5,153,476	\$ 5,357,563	\$ 1,119,881	\$ -	\$ 25,785,606	\$ 25,900,211
Interest income and other	16,019	18,737	5,004	3,637	84,163	31,271	729	-	258,937	167,982
Total operating revenues	1,056,261	1,077,422	553,434	575,555	5,237,639	5,388,834	1,120,610	-	26,044,543	26,068,193
Operating expenses:										
Personnel and related costs:										
Consulting and contract labor	109,057	97,213	60,411	61,793	514,402	496,156	208,179	13,628	2,715,163	2,643,745
Occupancy:										
Interest	108,662	124,593	35,003	71,558	383,719	733,809	160,371	354,110	2,889,242	2,483,349
Contracted services	117,239	132,474	60,092	75,967	392,648	449,677	230,821	-	2,514,323	2,370,584
Utilities	110,674	139,739	63,013	56,178	374,244	398,869	91,640	32,467	2,354,056	2,395,310
Real estate taxes	44,843	73,329	46,362	48,280	272,925	207,865	70,815	42,536	1,336,065	1,292,298
Repairs and maintenance	28,838	24,936	31,313	34,875	240,493	70,769	76,118	5,516	1,242,610	1,069,956
Insurance	70,628	66,384	21,589	20,688	178,381	199,825	132,411	-	996,826	887,733
Rent	4,965	3,744	5,375	7,004	-	-	-	-	22,288	21,554
Total occupancy	485,849	565,199	262,747	314,550	1,842,410	2,060,814	762,176	434,629	11,355,410	10,520,784
Other:										
Professional fees	23,977	20,318	15,305	13,274	36,264	51,293	22,753	-	308,709	314,443
Management fees	42,857	43,917	18,000	19,650	296,974	155,182	33,824	57,550	1,036,350	939,350
Office	35,600	19,309	12,186	11,497	72,570	94,572	26,707	3,164	502,850	606,642
Bad debts	11,694	25,766	7,594	27,019	-	40,111	7,243	-	178,599	46,923
Miscellaneous	7,105	339	1,487	2,712	71,865	20,920	59,739	18,927	233,879	224,447
Tenant services	26,400	26,400	15,213	14,986	109,003	67,782	-	-	614,857	595,570
Total other	147,633	136,049	69,785	89,138	586,676	429,860	150,266	79,641	2,875,244	2,727,375
Total operating expenses	742,539	798,461	392,943	465,481	2,943,488	2,986,830	1,120,621	527,898	16,945,817	15,891,904
Changes in net assets without donor restrictions from operations before depreciation and amortization	313,722	278,961	160,491	110,074	2,294,151	2,402,004	(11)	(527,898)	9,098,726	10,176,289
Depreciation and amortization	331,868	339,888	236,952	265,137	1,334,938	1,501,071	302,786	239,495	6,537,030	6,447,691
Changes in net assets without donor restrictions from operations	(18,146)	(60,927)	(76,461)	(155,063)	959,213	900,933	(302,797)	(767,393)	2,561,696	3,728,598
Non-operating revenues (expenses):										
Forgiveness of debt	-	-	-	-	-	-	-	-	-	3,819,702
Forgiveness of related party advances	-	-	-	-	-	-	-	-	436,490	355,972
Insurance losses	-	-	-	-	-	-	-	-	-	(40,970)
Forgiveness of deferred rental receivable	-	-	-	-	-	-	-	-	-	(46,511)
Loss on write-off of financing fees	-	-	-	-	-	-	-	-	-	(446,637)
Incentive and supplemental management fees	-	-	-	-	(130,478)	(5,971)	-	-	(564,994)	(565,335)
Deferred interest	(177,656)	(139,496)	(301,746)	(395,332)	-	(475,598)	(98,164)	-	(2,173,827)	(2,245,491)
Loss on impairment	-	-	-	-	-	-	-	-	-	(2,210,296)
Total non-operating revenues (expenses)	(177,656)	(139,496)	(301,746)	(395,332)	(130,478)	(481,569)	(98,164)	-	(2,302,331)	(1,379,566)
Changes in net assets without donor restrictions	\$ (195,802)	\$ (200,423)	\$ (378,207)	\$ (550,395)	\$ 828,735	\$ 419,364	\$ (400,961)	\$ (767,393)	\$ 259,365	\$ 2,349,032

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Properties
For the Year Ended December 31, 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	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
Contracted services	-	88,605	169,408	255,439	-	5,638	24,939	153,228	205,935	67,729	86,954
Utilities	-	146,315	111,154	256,281	-	11,186	32,121	197,299	143,425	210,886	96,999
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	56,950	25,252	118,943	-	2,461	13,419	59,721	42,883	-	12,500
Office	-	55,740	13,449	85,723	-	828	8,109	24,794	25,580	137,412	15,365
Bad debts	-	3,047	454	3,972	-	-	-	44	5,391	11,488	-
Miscellaneous	8,004	5,470	3,620	94,399	-	-	839	11,227	5,146	5,320	2,832
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	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	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	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	(398,617)	(89,927)
Non-operating revenues (expenses):											
Forgiveness of debt	-	-	-	-	-	-	-	-	-	3,819,702	-
Forgiveness of related party advances	-	-	-	-	-	-	-	-	-	355,972	-
Insurance losses	-	-	-	-	-	-	-	-	-	-	-
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	\$ 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

	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 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
Interest income and other	23,536	18,002	59	31	52,337	22,067	6,135	-	167,982
Total operating revenues	<u>1,004,406</u>	<u>1,023,004</u>	<u>509,913</u>	<u>558,971</u>	<u>5,132,744</u>	<u>5,285,277</u>	<u>1,036,426</u>	<u>-</u>	<u>26,068,193</u>
Operating expenses:									
Personnel and related costs:									
Consulting and contract labor	<u>124,432</u>	<u>122,824</u>	<u>61,509</u>	<u>63,829</u>	<u>367,156</u>	<u>563,180</u>	<u>188,277</u>	<u>-</u>	<u>2,643,745</u>
Occupancy:									
Interest	112,909	129,472	35,974	73,666	400,927	749,158	38,607	29,505	2,483,349
Contracted services	115,462	153,838	59,511	64,451	337,235	383,602	198,610	-	2,370,584
Utilities	113,117	113,443	58,765	53,302	367,583	402,643	80,791	-	2,395,310
Real estate taxes	40,679	81,286	43,096	47,190	265,251	201,620	60,226	-	1,292,298
Repairs and maintenance	24,316	27,373	42,155	40,031	134,706	47,461	85,341	-	1,069,956
Insurance	69,139	65,157	18,360	17,544	168,700	195,936	43,879	-	887,733
Rent	4,820	3,744	5,119	6,671	-	-	-	-	21,554
Total occupancy	<u>480,442</u>	<u>574,313</u>	<u>262,980</u>	<u>302,855</u>	<u>1,674,402</u>	<u>1,980,420</u>	<u>507,454</u>	<u>29,505</u>	<u>10,520,784</u>
Other:									
Professional fees	21,121	13,599	13,228	15,951	10,060	13,461	47,559	-	314,443
Management fees	40,197	40,100	15,723	17,034	291,824	158,104	31,594	5,625	939,350
Office	28,870	21,088	11,578	11,152	64,024	68,491	34,439	-	606,642
Bad debts	2,567	9,468	-	-	9,533	959	-	-	46,923
Miscellaneous	1,656	(2,289)	583	114	44,766	30,394	3,292	9,074	224,447
Tenant services	26,400	26,400	13,431	14,550	108,233	62,694	-	-	595,570
Total other	<u>120,811</u>	<u>108,366</u>	<u>54,543</u>	<u>58,801</u>	<u>528,440</u>	<u>334,103</u>	<u>116,884</u>	<u>14,699</u>	<u>2,727,375</u>
Total operating expenses	<u>725,685</u>	<u>805,503</u>	<u>379,032</u>	<u>425,485</u>	<u>2,569,998</u>	<u>2,877,703</u>	<u>812,615</u>	<u>44,204</u>	<u>15,891,904</u>
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)	10,176,289
Depreciation and amortization	<u>330,893</u>	<u>339,888</u>	<u>238,027</u>	<u>265,011</u>	<u>1,227,423</u>	<u>1,489,981</u>	<u>152,932</u>	<u>19,839</u>	<u>6,447,691</u>
Changes in net assets without donor restrictions from operations	<u>(52,172)</u>	<u>(122,387)</u>	<u>(107,146)</u>	<u>(131,525)</u>	<u>1,335,323</u>	<u>917,593</u>	<u>70,879</u>	<u>(64,043)</u>	<u>3,728,598</u>
Non-operating revenues (expenses):									
Forgiveness of debt	-	-	-	-	-	-	-	-	3,819,702
Forgiveness of related party advances	-	-	-	-	-	-	-	-	355,972
Insurance losses	-	(24,392)	-	(16,578)	-	-	-	-	(40,970)
Forgiveness of deferred rental receivable	-	-	-	-	-	-	-	-	(46,511)
Loss on write-off of financing fees	-	-	-	-	-	-	-	-	(446,637)
Incentive and supplemental management fees	-	-	-	-	(126,677)	(5,797)	-	-	(565,335)
Deferred interest	(177,191)	(139,060)	(287,650)	(373,137)	-	(499,462)	(55,634)	-	(2,245,491)
Loss on impairment	-	-	-	-	-	-	-	-	(2,210,296)
Total non-operating revenues (expenses)	<u>(177,191)</u>	<u>(163,452)</u>	<u>(287,650)</u>	<u>(389,715)</u>	<u>(126,677)</u>	<u>(505,259)</u>	<u>(55,634)</u>	<u>-</u>	<u>(1,379,566)</u>
Changes in net assets without donor restrictions	<u>\$ (229,363)</u>	<u>\$ (285,839)</u>	<u>\$ (394,796)</u>	<u>\$ (521,240)</u>	<u>\$ 1,208,646</u>	<u>\$ 412,334</u>	<u>\$ 15,245</u>	<u>\$ (64,043)</u>	<u>\$ 2,349,032</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statements of Changes in Net Assets - Rental Properties
For the Years Ended December 31, 2022 and 2021

	Pierce Properties LP/ DB Pierce LLC	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	Pearl Companies	150 Magnolia LP
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	\$ 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	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	72,429	2,721,652	(1,648,955)	(1,788,458)	563,469	109,437	(28,116)	2,906,081	1,435,396	1,140,722	(2,241,698)
Changes in net assets	435,813	554,243	164,013	(65,461)	40,422	4,956	(84,399)	301,071	507,420	11,509	(365,140)
Capital contributions	6,235,825	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	(570,957)	-	-	-	(640,965)	(578,786)	(1,152,231)	-
Syndication costs	(30,000)	-	-	-	-	-	-	-	-	-	-
Net Assets, December 31, 2022	<u>\$ 6,714,067</u>	<u>\$ 3,275,895</u>	<u>\$ (1,484,942)</u>	<u>\$ (2,424,876)</u>	<u>\$ 603,891</u>	<u>\$ 114,393</u>	<u>\$ (112,515)</u>	<u>\$ 2,566,187</u>	<u>\$ 1,364,030</u>	<u>\$ -</u>	<u>\$ (2,606,838)</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, 2022 and 2021

	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, 2020	\$ 1,536,273	\$ 2,138,951	\$ (509,471)	\$ (1,135,585)	\$ 20,548,104	\$ 18,461,946	\$ (262,810)	\$ -	\$ 46,817,127
Changes in net assets	(229,363)	(285,839)	(394,796)	(521,240)	1,208,646	412,334	15,245	(64,043)	2,349,032
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	1,306,910	1,853,112	(904,267)	(1,656,825)	20,980,757	18,874,280	(273,474)	2,660,023	46,082,475
Changes in net assets	(195,802)	(200,423)	(378,207)	(550,395)	828,735	419,364	(400,961)	(767,393)	259,365
Capital contributions	-	-	-	-	-	-	3,319,426	284,539	9,839,790
Distributions	-	-	-	-	(789,175)	-	-	-	(3,732,114)
Syndication costs	-	-	-	-	-	-	-	-	(30,000)
Net Assets, December 31, 2022	<u>\$ 1,111,108</u>	<u>\$ 1,652,689</u>	<u>\$ (1,282,474)</u>	<u>\$ (2,207,220)</u>	<u>\$ 21,020,317</u>	<u>\$ 19,293,644</u>	<u>\$ 2,644,991</u>	<u>\$ 2,177,169</u>	<u>\$ 52,419,516</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statements of Financial Position - Loan Programs
December 31, 2022 and 2021

Assets	2022				2021			
	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	-	299,940	-	299,940	-	151,909	-	151,909
Due from affiliates	534,073	(528,018)	-	6,055	(330,561)	330,561	-	-
Current portion of notes and interest receivable	-	206,306	5,894	212,200	-	288,712	6,447	295,159
Total current assets	534,073	21,350	5,894	561,317	(330,561)	814,304	6,447	490,190
Other Assets:								
Escrows and restricted deposits	-	905,892	491,667	1,397,559	-	696,516	447,419	1,143,935
Notes and interest receivable, net of current portion and loan loss allowance	-	512,340	73,816	586,156	-	310,542	96,164	406,706
Total other assets	-	1,418,232	565,483	1,983,715	-	1,007,058	543,583	1,550,641
Total assets	<u>\$ 534,073</u>	<u>\$ 1,439,582</u>	<u>\$ 571,377</u>	<u>\$ 2,545,032</u>	<u>\$ (330,561)</u>	<u>\$ 1,821,362</u>	<u>\$ 550,030</u>	<u>\$ 2,040,831</u>
Liabilities and Net Assets								
Current Liabilities:								
Current portion of notes payable	\$ -	\$ 140,863	\$ -	\$ 140,863	\$ -	\$ 95,305	\$ -	\$ 95,305
Accounts payable and accrued expenses	-	-	-	-	-	377	-	377
Total current liabilities	-	140,863	-	140,863	-	95,682	-	95,682
Long-term Liabilities:								
Notes payable, net of current portion and unamortized debt issuance costs	1,500,000	277,328	-	1,777,328	-	422,043	-	422,043
Contingent Debt and Deferred Interest	8,800	45,000	-	53,800	8,800	45,000	-	53,800
Total liabilities	1,508,800	463,191	-	1,971,991	8,800	562,725	-	571,525
Net Assets:								
Without donor restrictions:								
Operating	(974,727)	670,749	(67,203)	(371,181)	(339,361)	801,555	(65,256)	396,938
With donor restrictions	-	305,642	638,580	944,222	-	457,082	615,286	1,072,368
Total net assets	(974,727)	976,391	571,377	573,041	(339,361)	1,258,637	550,030	1,469,306
Total liabilities and net assets	<u>\$ 534,073</u>	<u>\$ 1,439,582</u>	<u>\$ 571,377</u>	<u>\$ 2,545,032</u>	<u>\$ (330,561)</u>	<u>\$ 1,821,362</u>	<u>\$ 550,030</u>	<u>\$ 2,040,831</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statements of Activities - Loan Programs
For the Years Ended December 31, 2022 and 2021

	2022				2021			
	Loan Programs				Loan Programs			
	DBEDC	DBNLF	BHSC	Total	DBEDC	DBNLF	BHSC	Total
Net Assets Without Donor Restrictions:								
Operating revenues:								
Support:								
Grants, contracts and contributions	\$ -	\$ 276,490	\$ -	\$ 276,490	\$ -	\$ 906,445	\$ -	\$ 906,445
Net assets released from purpose restrictions	-	440,158	-	440,158	-	168,644	-	168,644
Total support	-	716,648	-	716,648	-	1,075,089	-	1,075,089
Fee income and other:								
Interest income and other	-	46,933	-	46,933	-	39,172	-	39,172
Resident and program service fees	-	5,681	-	5,681	-	5,428	-	5,428
Total fee income and other	-	52,614	-	52,614	-	44,600	-	44,600
Total operating revenues	-	769,262	-	769,262	-	1,119,689	-	1,119,689
Operating expenses:								
Loan Programs	2,964	1,357,568	1,947	1,362,479	5,064	830,922	27,071	863,057
General and Administrative	957	364,843	629	366,429	1,979	304,570	10,582	317,131
Total operating expenses	3,921	1,722,411	2,576	1,728,908	7,043	1,135,492	37,653	1,180,188
Changes in net assets without donor restrictions from operations	(3,921)	(953,149)	(2,576)	(959,646)	(7,043)	(15,803)	(37,653)	(60,499)
Non-operating revenue:								
Recovery of bad debt	-	-	-	-	-	136,908	-	136,908
Changes in net assets without donor restrictions	(3,921)	(953,149)	(2,576)	(959,646)	(7,043)	121,105	(37,653)	76,409
Net Assets With Donor Restrictions:								
Grants	-	288,718	23,277	311,995	-	321,415	122,739	444,154
Mortgage loan and bank interest	-	-	17	17	-	-	6,301	6,301
Net assets released from restrictions	-	(440,158)	-	(440,158)	-	(168,644)	-	(168,644)
Changes in net assets with donor restrictions	-	(151,440)	23,294	(128,146)	-	152,771	129,040	281,811
Changes in net assets	<u>\$ (3,921)</u>	<u>\$ (1,104,589)</u>	<u>\$ 20,718</u>	<u>\$ (1,087,792)</u>	<u>\$ (7,043)</u>	<u>\$ 273,876</u>	<u>\$ 91,387</u>	<u>\$ 358,220</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statements of Changes in Net Assets - Loan Programs
For the Years Ended December 31, 2022 and 2021

	Loan Programs			Total
	DBEDC	DBNLF	BHSC	
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	<u>(67,006)</u>	<u>145,070</u>	<u>10,582</u>	<u>88,646</u>
Net Assets , December 31, 2021	(339,361)	1,258,637	550,030	1,469,306
Changes in net assets	(3,921)	(1,104,589)	20,718	(1,087,792)
Net asset transfers	<u>(631,445)</u>	<u>822,343</u>	<u>629</u>	<u>191,527</u>
Net Assets , December 31, 2022	<u><u>\$ (974,727)</u></u>	<u><u>\$ 976,391</u></u>	<u><u>\$ 571,377</u></u>	<u><u>\$ 573,041</u></u>