



**CONSOLIDATING FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Contents  
December 31, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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 71% of consolidating total assets at December 31, 2023 and 2022, respectively, and total revenues constituting 88% and 83% of consolidating operating revenues for the years ended December 31, 2023 and 2022, 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.

### **Emphasis of Matter - Adoption of New Accounting Standard**

As discussed in Note 2 to the consolidating financial statements, effective January 1, 2023, the Agency adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Our opinion is not modified with respect to that matter.

### **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.

## **Responsibilities of Management for the Financial Statements (Continued)**

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 2023, the information related to DB Pierce LLC, 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 DV North Limited Partnership 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)

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.

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, DV North Limited Partnership, and DB Owner, during 2023 and 2022, 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 25, 2024

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Consolidating Statement of Financial Position  
December 31, 2023  
(With Summarized Comparative Totals as of December 31, 2022)

	2023							2022
	Dorchester Bay							
	Operating	Loan Programs (Exhibit D)	Project Development	Total Dorchester Bay	Rental (Exhibit A)	Eliminations	Total	Total
Assets								
Current Assets:								
Cash	\$ 12,856,724	\$ -	\$ 1,061,616	\$ 13,918,340	\$ 11,052,288	\$ -	\$ 24,970,628	\$ 24,826,087
Grants receivable	721,059	154,967	-	876,026	-	-	876,026	1,901,774
Tenant and other receivables, net of valuation allowance	36,095	21,203	144,482	201,780	1,086,292	-	1,288,072	1,593,748
Current portion of escrows and restricted deposits	-	-	-	-	1,474,416	-	1,474,416	1,232,714
Current portion of due from affiliates, net of valuation allowance	20,558	6,055	931,042	957,655	272,464	(1,230,119)	-	-
Current portion of notes and interest receivable, net of allowance for credit losses of \$128,593	-	545,378	-	545,378	-	-	545,378	212,200
Notes and interest receivable from related parties	-	-	1,849,823	1,849,823	-	(1,849,823)	-	-
Prepaid expenses and other current assets	72,109	-	5,126	77,235	846,419	-	923,654	768,014
Total current assets	13,706,545	727,603	3,992,089	18,426,237	14,731,879	(3,079,942)	30,078,174	30,534,537
Other Assets:								
Escrows and restricted deposits, net of current portion	-	1,100,272	17,308	1,117,580	18,612,501	-	19,730,081	17,637,618
Notes and interest receivable, net of current portion and allowance for credit losses of \$7,037,229 and loan losses of \$1,097,966 as of December 31, 2023 and 2022, respectively	-	1,769,234	7,221,724	8,990,958	-	-	8,990,958	7,807,880
Notes and interest receivable from related parties, net of current portion and valuation allowance	-	-	485,958	485,958	-	(485,958)	-	-
Right-of-use assets	1,349,952	-	-	1,349,952	409,357	(1,349,952)	409,357	411,232
Projects under development	-	-	21,026,572	21,026,572	-	-	21,026,572	10,348,519
Due from affiliates, net of current portion and valuation allowance	-	-	583,754	583,754	-	(583,754)	-	-
Investments in affiliates, net	-	-	1,112,576	1,112,576	-	(1,112,576)	-	-
Capitalized costs, net	-	-	-	-	547,576	-	547,576	236,229
Total other assets	1,349,952	2,869,506	30,447,892	34,667,350	19,569,434	(3,532,240)	50,704,544	36,441,478
Property and Equipment:								
Land and land improvements	-	-	9,220,895	9,220,895	12,948,645	-	22,169,540	21,746,713
Buildings and improvements	132,549	-	160,980	293,529	238,985,282	(17,856,438)	221,422,373	220,507,010
Furniture, fixtures and equipment	390,187	-	604	390,791	5,560,349	-	5,951,140	5,406,759
	522,736	-	9,382,479	9,905,215	257,494,276	(17,856,438)	249,543,053	247,660,482
Less - accumulated depreciation	361,897	-	111,641	473,538	84,509,508	(2,932,291)	82,050,755	75,615,510
Net property and equipment	160,839	-	9,270,838	9,431,677	172,984,768	(14,924,147)	167,492,298	172,044,972
Total assets	\$ 15,217,336	\$ 3,597,109	\$ 43,710,819	\$ 62,525,264	\$ 207,286,081	\$ (21,536,329)	\$ 248,275,016	\$ 239,020,987
Liabilities, Net Assets and Non-Controlling Interests								
Current Liabilities:								
Current portion of notes payable	\$ -	\$ 110,046	\$ 860,283	\$ 970,329	\$ 2,260,934	\$ (5,570)	\$ 3,225,693	\$ 3,197,870
Current portion of contingent debt and deferred interest	-	-	-	-	3,659,371	(1,844,253)	1,815,118	1,759,620
Current portion of due to affiliates	3,895	-	268,569	272,464	957,655	(1,230,119)	-	-
Current portion of lease liabilities	189,998	-	-	189,998	4,600	(189,998)	4,600	4,574
Current portion of accounts payable and accrued expenses	376,399	9,343	1,440,439	1,826,181	2,793,799	-	4,619,980	5,043,310
Conditional grant advances	215,372	-	-	215,372	-	-	215,372	245,882
Total current liabilities	785,664	119,389	2,569,291	3,474,344	9,676,359	(3,269,940)	9,880,763	10,251,256
Long-term Liabilities:								
Accounts payable and accrued expenses, net of current portion	-	-	959,175	959,175	106,184	-	1,065,359	707,659
Notes payable, net of current portion and unamortized debt issuance costs	-	1,712,408	20,463,997	22,176,405	71,862,180	(90,577)	93,948,008	87,408,240
Lease liabilities, net of current portion	1,188,090	-	-	1,188,090	404,757	(1,188,090)	404,757	406,658
Due to affiliates, net of current portion	-	-	-	-	1,698,449	(1,698,449)	-	-
Total long-term liabilities	1,188,090	1,712,408	21,423,172	24,323,670	74,071,570	(2,977,116)	95,418,124	88,522,557
Contingent Debt and Deferred Interest, net of current portion	-	53,800	6,148,462	6,202,262	71,152,137	(29,173,332)	48,181,067	47,437,190
Total liabilities	1,973,754	1,885,597	30,140,925	34,000,276	154,900,066	(35,420,388)	153,479,954	146,211,003
Net Assets and Non-Controlling Interests:								
Without donor restrictions:								
Operating	11,754,517	658,852	72,296	12,485,665	4,600,389	-	17,086,054	17,717,815
Development	-	-	13,127,598	13,127,598	-	-	13,127,598	9,424,486
Property and equipment	132,703	-	-	132,703	47,785,626	(39,535,519)	8,382,810	13,724,099
Board designated	360,434	-	-	360,434	-	-	360,434	359,956
Total without donor restrictions	12,247,654	658,852	13,199,894	26,106,400	52,386,015	(39,535,519)	38,956,896	41,226,356
With donor restrictions	995,928	1,052,660	370,000	2,418,588	-	-	2,418,588	3,087,291
Total Dorchester Bay's consolidated net assets	13,243,582	1,711,512	13,569,894	28,524,988	52,386,015	(39,535,519)	41,375,484	44,313,647
Non-controlling interests	-	-	-	-	-	53,419,578	53,419,578	48,496,337
Total net assets and non-controlling interests	13,243,582	1,711,512	13,569,894	28,524,988	52,386,015	13,884,059	94,795,062	92,809,984
Total liabilities, net assets and non-controlling interests	\$ 15,217,336	\$ 3,597,109	\$ 43,710,819	\$ 62,525,264	\$ 207,286,081	\$ (21,536,329)	\$ 248,275,016	\$ 239,020,987

**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Consolidating Statement of Financial Position  
December 31, 2022

	Dorchester Bay				Rental (Exhibit A)	Eliminations	Total
	Operating	Loan Programs (Exhibit D)	Project Development	Total Dorchester Bay			
<b>Assets</b>							
Current Assets:							
Cash	\$ 14,288,432	\$ 43,122	\$ 619,314	\$ 14,950,868	\$ 9,875,219	\$ -	\$ 24,826,087
Grants receivable	1,601,834	299,940	-	1,901,774	-	-	1,901,774
Tenant and other receivables, net of valuation allowance	5,784	-	505,746	511,530	1,082,218	-	1,593,748
Current portion of escrows and restricted deposits	-	-	-	-	1,232,714	-	1,232,714
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
Notes and interest receivable from related parties	-	-	1,980,481	1,980,481	-	(1,980,481)	-
Prepaid expenses and other current assets	19,850	-	1,648	21,498	746,516	-	768,014
Total current assets	15,919,800	561,317	3,244,979	19,726,096	13,136,987	(2,328,546)	30,534,537
Other Assets:							
Escrows and restricted deposits, net of current portion	-	1,397,559	20,966	1,418,525	16,219,093	-	17,637,618
Notes and interest receivable, net of current portion and allowance for credit losses of \$1,097,966	-	586,156	7,221,724	7,807,880	-	-	7,807,880
Notes and interest receivable from related parties, net of current portion and valuation allowance	-	-	390,831	390,831	-	(390,831)	-
Right-of-use assets	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
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
Total other assets	1,455,474	1,983,715	19,418,412	22,857,601	16,866,554	(3,282,677)	36,441,478
Property and Equipment:							
Land and land improvements	-	-	8,786,250	8,786,250	12,960,463	-	21,746,713
Buildings and improvements	132,549	-	160,980	293,529	237,827,136	(17,613,655)	220,507,010
Furniture, fixtures and equipment	249,022	-	604	249,626	5,157,133	-	5,406,759
	381,571	-	8,947,834	9,329,405	255,944,732	(17,613,655)	247,660,482
Less - accumulated depreciation	319,740	-	101,323	421,063	77,679,603	(2,485,156)	75,615,510
Net property and equipment	61,831	-	8,846,511	8,908,342	178,265,129	(15,128,499)	172,044,972
Total assets	\$ 17,437,105	\$ 2,545,032	\$ 31,509,902	\$ 51,492,039	\$ 208,268,670	\$ (20,739,722)	\$ 239,020,987
<b>Liabilities, Net Assets and Non-Controlling Interests</b>							
Current Liabilities:							
Current portion of notes payable	\$ 70,000	\$ 140,863	\$ 833,823	\$ 1,044,686	\$ 2,158,590	\$ (5,406)	\$ 3,197,870
Current portion of contingent debt and deferred interest	-	-	-	-	3,734,695	(1,975,075)	1,759,620
Current portion of due to affiliates	-	-	200,320	200,320	147,745	(348,065)	-
Current portion of lease liabilities	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
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
Long-term Liabilities:							
Accounts payable and accrued expenses, net of current portion	-	-	426	426	707,233	-	707,659
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
Lease liabilities, 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
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
Total liabilities	1,991,334	1,971,991	21,721,562	25,684,887	155,849,154	(35,323,038)	146,211,003
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
Development	-	-	9,424,486	9,424,486	-	-	9,424,486
Property and equipment	59,636	-	-	59,636	47,577,484	(33,913,021)	13,724,099
Board designated	359,956	-	-	359,956	-	-	359,956
Total without donor restrictions	14,110,771	(371,181)	8,980,271	22,719,861	52,419,516	(33,913,021)	41,226,356
With donor restrictions	1,335,000	944,222	808,069	3,087,291	-	-	3,087,291
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
Non-controlling interests	-	-	-	-	-	48,496,337	48,496,337
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
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

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, 2023  
(With Summarized Comparative Totals for the Year Ended December 31, 2022)

	2023						2022
	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	\$ 178,548	\$ 1,496,560	\$ 229,999	\$ 1,905,107	\$ -	\$ (1,449,974)	\$ 455,133
Special event	321,462	-	-	321,462	-	-	321,462
Net assets released from purpose restrictions	1,001,929	305,642	338,069	1,645,640	-	-	1,645,640
Net assets released from time restrictions	-	-	200,000	200,000	-	-	200,000
Total support	1,501,939	1,802,202	768,068	4,072,209	-	(1,449,974)	2,622,235
Fee income and other:							
Rental income, net	50,347	-	150,510	200,857	28,009,289	(231,041)	27,979,105
Interest income and other	118,636	134,772	1,036,994	1,290,402	736,067	(667,405)	1,359,064
Developer fees	-	-	292,500	292,500	-	(242,783)	49,717
Resident and program service fees	2,744,977	45,456	250,754	3,041,187	-	(2,995,731)	45,456
Total fee income and other	2,913,960	180,228	1,730,758	4,824,946	28,745,356	(4,136,960)	29,433,342
Total operating revenues	4,415,899	1,982,430	2,498,826	8,897,155	28,745,356	(5,586,934)	32,055,577
Operating expenses:							
Community Services	652,696	-	-	652,696	-	-	652,696
Asset Management	212,142	-	-	212,142	-	-	212,142
Loan Programs	-	1,729,599	-	1,729,599	-	-	1,729,599
Project Development	-	-	1,388,139	1,388,139	-	-	1,388,139
Rental	-	-	-	-	19,228,254	(633,280)	18,594,974
General and Administrative	474,661	1,033,589	835,701	2,343,951	-	(231,041)	2,112,910
Fundraising	2,238,495	-	-	2,238,495	-	(1,449,974)	788,521
Total operating expenses	3,577,994	2,763,188	2,223,840	8,565,022	19,228,254	(2,314,295)	25,478,981
Changes in net assets without donor restrictions from operations before depreciation and amortization	837,905	(780,758)	274,986	332,133	9,517,102	(3,272,639)	6,576,596
Depreciation and amortization	42,157	-	10,318	52,475	6,914,851	(447,135)	6,520,191
Changes in net assets without donor restrictions from operations	795,748	(780,758)	264,668	279,658	2,602,251	(2,825,504)	56,405
Non-operating revenues (expenses):							
Sale of tax credits	-	-	6,020,800	6,020,800	-	-	6,020,800
Capital grants	-	-	434,645	434,645	-	-	434,645
Net assets released from capital restrictions	-	-	-	-	-	-	-
Forgiveness of debt	-	-	-	-	-	-	-
Recovery of notes and interest receivable from related parties and due from affiliates	-	-	1,045,522	1,045,522	-	(1,045,522)	-
Net recovery on investment in affiliate	-	-	258,636	258,636	-	(258,636)	-
Provision on due from affiliates	-	-	(128,744)	(128,744)	-	128,744	-
Loss on impairment - property and equipment	-	-	-	-	-	-	-
Incentive and supplemental management fees	-	-	-	-	(631,274)	490,733	(140,541)
Deferred interest	-	-	-	-	(2,189,440)	1,222,792	(966,648)
Allowance for credit losses on notes receivable - third party	-	-	(6,020,800)	(6,020,800)	-	-	(6,020,800)
Total non-operating revenues (expenses)	-	-	1,610,059	1,610,059	(2,820,714)	538,111	(672,544)
Changes in net assets without donor restrictions	795,748	(780,758)	1,874,727	1,889,717	(218,463)	(2,287,393)	(616,139)
Net Assets With Donor Restrictions:							
Grants	662,857	414,043	100,000	1,176,900	-	-	1,176,900
Mortgage loan and bank interest	-	37	-	37	-	-	37
Net assets released from time restrictions	-	-	(200,000)	(200,000)	-	-	(200,000)
Net assets released from purpose restrictions	(1,001,929)	(305,642)	(338,069)	(1,645,640)	-	-	(1,645,640)
Changes in net assets with donor restrictions	(339,072)	108,438	(438,069)	(668,703)	-	-	(668,703)
Changes in net assets	456,676	(672,320)	1,436,658	1,221,014	(218,463)	(2,287,393)	(1,284,842)
Changes in Net Assets Attributable to Non-Controlling Interests	-	-	-	-	(499,215)	-	(499,215)
Changes in net assets attributable to Dorchester Bay	\$ 456,676	\$ (672,320)	\$ 1,436,658	\$ 1,221,014	\$ (717,678)	\$ (2,287,393)	\$ (1,784,057)

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

	Dorchester Bay				Rental (Exhibit B)	Eliminations	Total
	Operating	Loan Programs (Exhibit E)	Project Development	Total Dorchester Bay			
<b>Net Assets Without Donor Restrictions:</b>							
Operating revenues:							
Support:							
Grants, contracts and contributions	\$ 208,929	\$ 733,990	\$ 671,750	\$ 1,614,669	\$ -	\$ (457,500)	\$ 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	<u>570,274</u>	<u>1,174,148</u>	<u>884,249</u>	<u>2,628,671</u>	<u>-</u>	<u>(457,500)</u>	<u>2,171,171</u>
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	<u>2,846,031</u>	<u>5,681</u>	<u>565,983</u>	<u>3,417,695</u>	<u>-</u>	<u>(3,407,014)</u>	<u>10,681</u>
Total fee income and other	<u>2,914,405</u>	<u>52,614</u>	<u>4,648,794</u>	<u>7,615,813</u>	<u>26,044,543</u>	<u>(5,919,167)</u>	<u>27,741,189</u>
Total operating revenues	<u>3,484,679</u>	<u>1,226,762</u>	<u>5,533,043</u>	<u>10,244,484</u>	<u>26,044,543</u>	<u>(6,376,667)</u>	<u>29,912,360</u>
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	<u>1,037,657</u>	<u>-</u>	<u>-</u>	<u>1,037,657</u>	<u>-</u>	<u>(457,500)</u>	<u>580,157</u>
Total operating expenses	<u>2,744,136</u>	<u>1,728,908</u>	<u>2,611,659</u>	<u>7,084,703</u>	<u>16,945,817</u>	<u>(1,102,505)</u>	<u>22,928,015</u>
Changes in net assets without donor restrictions from operations before depreciation and amortization	740,543	(502,146)	2,921,384	3,159,781	9,098,726	(5,274,162)	6,984,345
Depreciation and amortization	<u>14,016</u>	<u>-</u>	<u>10,318</u>	<u>24,334</u>	<u>6,537,030</u>	<u>(423,363)</u>	<u>6,138,001</u>
Changes in net assets without donor restrictions from operations	<u>726,527</u>	<u>(502,146)</u>	<u>2,911,066</u>	<u>3,135,447</u>	<u>2,561,696</u>	<u>(4,850,799)</u>	<u>846,344</u>
Non-operating revenues (expenses):							
Capital grants	-	-	509,881	509,881	-	-	509,881
Net assets released from capital restrictions	-	-	1,481,677	1,481,677	-	-	1,481,677
Forgiveness of debt	-	-	274,991	274,991	-	-	274,991
Allowance on notes and interest receivable from related parties and due from affiliates	-	-	(796,975)	(796,975)	-	796,975	-
Allowance on investment in affiliate	-	-	(3,433,875)	(3,433,875)	-	3,433,875	-
Forgiveness of (provision on) due from affiliates	(57,451)	-	(641,961)	(699,412)	436,490	205,471	(57,451)
Loss on impairment - property and equipment	-	-	(314,680)	(314,680)	-	-	(314,680)
Incentive and supplemental management fees	-	-	-	-	(564,994)	428,545	(136,449)
Deferred interest	-	-	-	-	(2,173,827)	1,328,953	(844,874)
Total non-operating revenues (expenses)	<u>(57,451)</u>	<u>-</u>	<u>(2,920,942)</u>	<u>(2,978,393)</u>	<u>(2,302,331)</u>	<u>6,193,819</u>	<u>913,095</u>
Changes in net assets without donor restrictions	<u>669,076</u>	<u>(502,146)</u>	<u>(9,876)</u>	<u>157,054</u>	<u>259,365</u>	<u>1,343,020</u>	<u>1,759,439</u>
<b>Net Assets With Donor Restrictions:</b>							
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 and capital restrictions	<u>(83,939)</u>	<u>(440,158)</u>	<u>(1,494,176)</u>	<u>(2,018,273)</u>	<u>-</u>	<u>-</u>	<u>(2,018,273)</u>
Changes in net assets with donor restrictions	<u>1,251,061</u>	<u>(128,146)</u>	<u>(1,694,176)</u>	<u>(571,261)</u>	<u>-</u>	<u>-</u>	<u>(571,261)</u>
Changes in net assets	<u>1,920,137</u>	<u>(630,292)</u>	<u>(1,704,052)</u>	<u>(414,207)</u>	<u>259,365</u>	<u>1,343,020</u>	<u>1,188,178</u>
<b>Changes in Net Assets Attributable to Non-Controlling Interests</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(229,706)</u>	<u>-</u>	<u>(229,706)</u>
Changes in net assets attributable to Dorchester Bay	<u>\$ 1,920,137</u>	<u>\$ (630,292)</u>	<u>\$ (1,704,052)</u>	<u>\$ (414,207)</u>	<u>\$ 29,659</u>	<u>\$ 1,343,020</u>	<u>\$ 958,472</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, 2023 and 2022

	Dorchester Bay				Rental (Exhibit C)	Eliminations	Non- Controlling Interest	Total
	Operating	Loan Programs (Exhibit F)	Project Development	Total Dorchester Bay				
<b>Net Assets, December 31, 2021</b>	\$ 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	1,920,137	(630,292)	(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	(446,190)	(265,973)	712,163	-	-	-	-	-
<b>Net Assets, December 31, 2022</b>	15,445,771	573,041	9,788,340	25,807,152	52,419,516	(33,913,021)	48,496,337	92,809,984
Changes in net assets	456,676	(672,320)	1,436,658	1,221,014	(218,463)	(2,786,608)	499,215	(1,284,842)
Cumulative effect of ASU adoption	-	131,958	-	131,958	-	-	-	131,958
Capital contributions	-	-	1,364,864	1,364,864	2,228,529	(3,593,393)	3,302,029	3,302,029
Distributions	-	-	-	-	(2,043,567)	2,043,567	(164,067)	(164,067)
Transfer of non-controlling interest	-	-	-	-	-	(1,286,064)	1,286,064	-
Net asset transfers	(2,658,865)	1,678,833	980,032	-	-	-	-	-
<b>Net Assets, December 31, 2023</b>	<u>\$ 13,243,582</u>	<u>\$ 1,711,512</u>	<u>\$ 13,569,894</u>	<u>\$ 28,524,988</u>	<u>\$ 52,386,015</u>	<u>\$ (39,535,519)</u>	<u>\$ 53,419,578</u>	<u>\$ 94,795,062</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, 2023

	<b>Dorchester Bay</b>	<b>Rental</b>	<b>Eliminations</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>				
Changes in net assets	\$ 1,221,014	\$ (218,463)	\$ (2,287,393)	\$ (1,284,842)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization	52,475	6,914,851	(447,135)	6,520,191
Amortization charged as interest expense	4,591	119,437	-	124,028
Bad debts	344,623	528,612	-	873,235
Capital grants	(434,645)	-	-	(434,645)
Forgiveness of related party advances	128,744	-	(128,744)	-
Allowance on notes receivable and due from affiliates	(1,045,522)	-	1,045,522	-
Deferred interest	-	2,189,440	(1,222,792)	966,648
Allowance on investment in affiliate	(258,636)	-	258,636	-
Change in discount on notes payable	-	20,921	-	20,921
Changes in lease assets and liabilities	25,941	-	(25,941)	-
Changes in operating assets and liabilities:				
Grants receivable	1,013,464	-	-	1,013,464
Tenant and other receivables	288,384	(532,686)	-	(244,302)
Due from affiliates	(648,612)	(72,144)	720,756	-
Prepaid expenses and other current assets	(55,737)	(99,903)	-	(155,640)
Due to affiliates	72,144	768,642	(840,786)	-
Accounts payable and accrued expenses	(867,434)	(56,601)	-	(924,035)
Conditional grant advances	(30,510)	-	-	(30,510)
Net cash provided by (used in) operating activities	(189,716)	9,562,106	(2,927,877)	6,444,513
<b>Cash Flows from Investing Activities:</b>				
Investment in affiliate	(291,364)	-	291,364	-
Net increase in notes and interest receivable	(1,695,271)	-	-	(1,695,271)
Payments on notes and interest receivable to related parties	1,081,053	-	(1,081,053)	-
Purchase of property and equipment	(575,810)	(1,611,138)	242,783	(1,944,165)
Increase in capitalized costs	-	(334,699)	-	(334,699)
Increase in projects under development	(9,649,412)	-	-	(9,649,412)
Net cash used in investing activities	(11,130,804)	(1,945,837)	(546,906)	(13,623,547)
<b>Cash Flows from Financing Activities:</b>				
Capital contributions	-	2,228,529	(291,364)	1,937,165
Distributions	-	(2,043,567)	1,879,500	(164,067)
Proceeds from notes payable	10,466,193	1,626,333	-	12,092,526
Principal payments on notes payable	(913,791)	(3,396,622)	5,393	(4,305,020)
Proceeds from capital grants	434,645	-	-	434,645
Proceeds from contingent debt	-	1,313,000	(25,000)	1,288,000
Payments on contingent debt and deferred interest	-	(3,531,763)	1,906,254	(1,625,509)
Net cash provided by (used in) financing activities	9,987,047	(3,804,090)	3,474,783	9,657,740
<b>Net Change in Cash and Restricted Cash</b>	(1,333,473)	3,812,179	-	2,478,706
<b>Cash and Restricted Cash:</b>				
Beginning of year	16,369,393	27,327,026	-	43,696,419
End of year	\$ 15,035,920	\$ 31,139,205	\$ -	\$ 46,175,125
<b>Supplemental Disclosures of Cash Flow Information:</b>				
Cash paid for interest	\$ 465,749	\$ 2,985,310	\$ (6,217)	\$ 3,444,842
Projects under development funded through construction payables	\$ 959,175	\$ -	\$ -	\$ 959,175
<b>Supplemental Disclosure of Non-cash Transactions:</b>				
Projects under development included in accounts payable and accrued expenses	\$ 959,175	\$ -	\$ -	\$ 959,175
Capitalized interest included in projects under development	\$ 170,236	\$ -	\$ -	\$ 170,236
Note payable converted to capital contribution	\$ 1,364,864	\$ -	\$ -	\$ 1,364,864
<b>Reconciliation of Cash and Restricted Cash Reported Within the Consolidating Statement of Financial Position:</b>				
Cash	\$ 13,918,340	\$ 11,052,288	\$ -	\$ 24,970,628
Current portion of escrows and restricted deposits	-	1,474,416	-	1,474,416
Escrows and restricted deposits, net of current portion	1,117,580	18,612,501	-	19,730,081
Total cash and restricted cash shown in the consolidating statement of cash flows	\$ 15,035,920	\$ 31,139,205	\$ -	\$ 46,175,125

**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Consolidating Statement of Cash Flows  
For the Year Ended December 31, 2022

	Dorchester Bay	Rental	Eliminations	Total
<b>Cash Flows from Operating Activities:</b>				
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
<b>Cash Flows from Investing Activities:</b>				
Investment in affiliate	(2,492,603)	-	2,492,603	-
Net increase in notes and interest receivable	(323,904)	-	-	(323,904)
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	(12,859,712)	(10,278,021)	3,769,811	(19,367,922)
<b>Cash Flows from Financing Activities:</b>				
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 capital grants	509,881	-	-	509,881
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	8,666,081	5,038,018	(1,524,427)	12,179,672
<b>Net Change in Cash and Restricted Cash</b>	1,950,583	(1,507,999)	-	442,584
<b>Cash and Restricted Cash:</b>				
Beginning of year	14,418,810	28,835,025	-	43,253,835
End of year	\$ 16,369,393	\$ 27,327,026	\$ -	\$ 43,696,419
<b>Supplemental Disclosures of Cash Flow Information:</b>				
Cash paid for interest	\$ 438,159	\$ 2,698,280	\$ (264,142)	\$ 2,872,297
Projects under development transferred to property and equipment	\$ 1,301,877	\$ 3,952,840	\$ -	\$ 5,254,717
<b>Supplemental Disclosure of Non-cash Transactions:</b>				
Projects under development funded through construction payables and accrued expenses	\$ 100,770	\$ -	\$ -	\$ 100,770
Due from affiliate converted to investment in affiliate	\$ 2,397,573	\$ -	\$ -	\$ 2,397,573
<b>Reconciliation of Cash and Restricted Cash Reported Within the Consolidating Statement of Financial Position:</b>				
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 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 Functional Expenses  
For the Year Ended December 31, 2023

	Dorchester Bay									
	Program Services				General and		Total			
	Community	Asset	Loan	Project	Adminis-	Fundraising	Dorchester	Rental	Eliminations	Total
	Services	Management	Programs	Development	trative		Bay	(Exhibit B)		
Personnel and Related Costs:										
Payroll	\$ 398,223	\$ 108,140	\$ 730,894	\$ 654,445	\$ 739,284	\$ 554,305	\$ 3,185,291	\$ -	\$ -	\$ 3,185,291
Consulting and contract labor	-	-	-	-	-	-	-	2,903,914	-	2,903,914
Employee benefits	29,335	10,642	66,522	65,928	212,622	44,044	429,093	-	-	429,093
Payroll taxes	57,470	10,290	66,324	61,704	66,575	91,429	353,792	-	-	353,792
Total personnel and related costs	485,028	129,072	863,740	782,077	1,018,481	689,778	3,968,176	2,903,914	-	6,872,090
Occupancy:										
Interest	-	-	-	390,571	3,443	-	394,014	3,104,747	(6,217)	3,492,544
Contracted services	-	-	-	-	-	-	-	2,941,621	-	2,941,621
Utilities	11,701	-	-	7,049	735	-	19,485	2,397,590	-	2,417,075
Repairs and maintenance	-	-	-	1,529	-	915	2,444	1,628,741	-	1,631,185
Real estate taxes	-	-	-	3,709	-	-	3,709	1,553,430	-	1,557,139
Insurance	-	-	7,079	72,099	-	-	79,178	1,110,094	-	1,189,272
Rent	20,190	12,886	-	13,176	204,216	-	250,468	21,856	(231,041)	41,283
Total occupancy	31,891	12,886	7,079	488,133	208,394	915	749,298	12,758,079	(237,258)	13,270,119
Other:										
Professional fees	73,253	2,865	79,822	41,336	831,953	67,005	1,096,234	567,112	-	1,663,346
Management fees	-	-	-	72,580	-	-	72,580	1,134,031	(120,872)	1,085,739
Office	37,112	46,695	45,659	20,135	210,533	58,372	418,506	514,566	-	933,072
Bad debts	-	-	179,015	21,366	12,284	-	212,665	528,612	-	741,277
Miscellaneous	25,412	20,624	298,427	8,021	62,306	38,582	453,372	201,044	-	654,416
Grants paid to others	-	-	179,531	137,007	-	1,383,843	1,700,381	-	(1,449,974)	250,407
Tenant services	-	-	-	-	-	-	-	620,896	(506,191)	114,705
Interest	-	-	76,326	-	-	-	76,326	-	-	76,326
Total other	135,777	70,184	858,780	300,445	1,117,076	1,547,802	4,030,064	3,566,261	(2,077,037)	5,519,288
Total expenses before depreciation and amortization and allocation of general and administrative	652,696	212,142	1,729,599	1,570,655	2,343,951	2,238,495	8,747,538	19,228,254	(2,314,295)	25,661,497
Depreciation and Amortization	-	-	-	10,318	42,157	-	52,475	6,914,851	(447,135)	6,520,191
Total expenses before allocation of general and administrative	652,696	212,142	1,729,599	1,580,973	2,386,108	2,238,495	8,800,013	26,143,105	(2,761,430)	32,181,688
Allocation of General and Administrative	390,044	126,774	1,033,589	835,701	(2,386,108)	-	-	-	-	-
Less - capitalized costs	1,042,740	338,916	2,763,188	2,416,674	-	2,238,495	8,800,013	26,143,105	(2,761,430)	32,181,688
	-	-	-	(182,516)	-	-	(182,516)	-	-	(182,516)
Total expenses	\$ 1,042,740	\$ 338,916	\$ 2,763,188	\$ 2,234,158	\$ -	\$ 2,238,495	\$ 8,617,497	\$ 26,143,105	\$ (2,761,430)	\$ 31,999,172

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, 2022

	Dorchester Bay									
	Program Services				General and		Total			
	Community	Asset	Loan	Project	Adminis-	Fundraising	Dorchester	Rental	Eliminations	Total
	Services	Management	Programs	Development	trative		Bay	(Exhibit B)		
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	2,958,255	(6,155)	3,358,845
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
Repairs and maintenance	1,028	350	48	3,177	-	-	4,603	1,242,610	-	1,247,213
Real estate taxes	-	-	-	3,633	-	-	3,633	1,336,065	-	1,339,698
Insurance	15,391	4,526	1,754	2,397	47,202	300	71,570	927,813	-	999,383
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
Miscellaneous	14,751	33,329	7,898	5,082	47,126	31,982	140,168	233,879	-	374,047
Grants paid to others	-	-	-	408,259	-	457,500	865,759	-	(457,500)	408,259
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	516,105	3,029,262	2,875,244	(1,057,532)	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	1,037,657	7,223,044	16,945,817	(1,102,505)	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	1,037,657	7,247,378	23,482,847	(1,525,868)	29,204,357
Allocation of General and Administrative	269,020	95,625	366,428	555,707	(1,286,780)	-	-	-	-	-
Less - capitalized costs	1,269,310	451,185	1,728,907	2,760,319	-	1,037,657	7,247,378	23,482,847	(1,525,868)	29,204,357
	-	-	-	(138,342)	-	-	(138,342)	-	-	(138,342)
Total expenses	\$ 1,269,310	\$ 451,185	\$ 1,728,907	\$ 2,621,977	\$ -	\$ 1,037,657	\$ 7,109,036	\$ 23,482,847	\$ (1,525,868)	\$ 29,066,015

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, 2023 and 2022

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### 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 June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). Since then, the FASB also issued additional ASUs amending certain aspects of ASU 2016-13. ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the consolidating financial statements at the net amount expected to be collected.

On January 1, 2023, the Agency adopted the new accounting standard and all of the related amendments using the modified retrospective method. As part of the adoption, the Agency made an accounting policy election to no longer measure an allowance for credit losses for interest receivable and to write-off all uncollectible interest receivable in a timely manner. The Agency recognized the cumulative effect of initially applying the new credit loss standard to its loans by recording an adjustment of \$131,958 to increase the opening balance of the consolidating net assets. Results for reporting periods beginning after January 1, 2023, are presented under ASC Topic 326.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Recently Adopted Accounting Pronouncement (Continued)

The FASB clarified that operating rent receivables accounted for by a lessor in accordance with the leasing guidance in ASC Topic 842, *Leases*, grants and government contracts receivable under ASC Subtopic 958-605, *Revenue Recognition* (Topic 958), and notes receivable between common control affiliates (see page 23) are not within the scope of Topic 326.

The Agency does not expect ASC Topic 326 to have a significant impact on its consolidating financial condition or changes in net assets on an ongoing basis.

In connection with the adoption of ASU 2016-13 noted above, on January 1, 2023, the Agency also adopted ASU 2022-02, *Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures* (ASU 2022-02), removing the recognition and measurement guidance on troubled debt restructurings for creditors and enhancing disclosures provided about certain modifications or receivables to debtors experiencing financial difficulty.

The impact of adoption of ASC Topic 326 on the Agency's consolidating statement of financial position as of January 1, 2023, was as follows:

	<u>As Previously Reported</u>	<u>Effect of Adoption</u>	<u>As Adjusted</u>
Allowance for credit losses	\$ -	\$ 966,008	\$ 966,008
Allowance for loan losses	\$ 1,097,966	\$ (1,097,966)	\$ -
Net assets without donor restrictions	\$ 44,313,647	\$ 131,958	\$ 44,445,605

#### Cash and Escrows and Restricted Deposits

For purposes of the consolidating statements of cash flows, cash consists of cash and other unrestricted highly liquid investments with an original maturity of three months or less. Cash also includes restricted cash consisting of escrows and restricted deposits (see Note 5). As of December 31, 2023 and 2022, there were no cash equivalents.

#### Notes and Interest Receivable and Allowance for Credit Losses

##### *General*

Notes receivable are presented at amortized cost basis net of an allowance for credit losses (ACL) as of December 31, 2023, and an allowance for loan losses as of December 31, 2022 (see Note 6 and below). Interest on notes is calculated by using the simple interest method on monthly outstanding balances of the principal amount outstanding.

In connection with the adoption of Topic 326, the Agency follows a non-accrual policy to reverse any accrued, uncollected interest income as loans are moved to non-accrual status. The Agency considers the length of time without payment from the borrower and other triggering events when determining that a note should be moved to nonaccrual status and no longer recognize interest revenue on the note.

The Agency evaluates notes receivable with similar risk characteristics on a collective (pooling) basis.

Loans funded under various tax credit programs are evaluated on an individual basis. Management believes calculating the ACL on these loans on an individual loan-by-loan basis provides the most accurate estimate for potential credit losses over the lifetime of each loan. See Note 6 for determining ACL on these loans.



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

**Notes and Interest Receivable and Allowance for Credit Losses (Continued)**

*General (Continued)*

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are also not included in the collective evaluation. When management determines that foreclosure is probable or when the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of the collateral, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate. There were no loans evaluated on an individual basis besides the loans funded under various tax credit programs, as of the adoption date (January 1, 2023) and December 31, 2023.

The Agency applies the weighted-average remaining life to maturity (WARM) method to estimate the expected credit losses for the Loan Fund loan pool based on the contractual term of the loans not including extensions, renewals and modifications. The WARM methodology utilizes the Agency's historical default and loss experience adjusted for current conditions and future economic forecasts. The Agency has elected to utilize a five-year lookback period for the WARM method calculation based on a lending portfolio that is comprised of amortizing loans to borrowers with maturities up to five years from the date of issuance. The reasonable and supportable forecast period represents a one-year economic outlook (as of December 31, 2023) for the applicable economic variables. At the end of the one-year reasonable and supportable forecast period, assumption variables start to revert to the five-year average of historical values over the lifetime of the loans. Management of the Agency considered significant factors that could affect the expected future collectability of the amortized cost basis of the portfolio and determined that the primary factors are Federal interest rate fluctuation and changes to the Consumer Pricing Index. See Note 6 for disclosure of the Agency's qualitative factors as of the adoption date (January 1, 2023) and December 31, 2023.

*Legacy disclosure – Allowance for Loan Losses*

Beginning on January 1, 2023, the allowance for credit losses under Topic 326 represents management's judgment of an estimated amount of lifetime expected losses that may be incurred on outstanding notes and unfunded commitments at the consolidating statement of financial position date. This estimate is based on the risk characteristics of the note, historical losses and defaults, an expectation of supportable future economic conditions, and payment performance of the Agency's borrowers. The allowance is measured and recorded upon the initial recognition of a financial asset. The allowance is then reduced by charge-offs (net of recoveries of previous losses), and is increased and decreased by a provision (recovery) for credit losses, which is recorded as a current period expense (revenue). There are no unfunded commitments at year end. Prior to the adoption of Topic 326, an allowance for loan losses was recorded based on management's evaluation of the collectability of each note based on an incurred loss model used to develop such estimates.

**Projects Under Development**

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

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property and Equipment and Depreciation

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

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

Land is not depreciated. Depreciation expense for the years ended December 31, 2023 and 2022, was \$6,475,050 and \$6,114,803, 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. There was no impairment loss recognized in 2023. There was a loss on impairment of \$314,680 recognized in 2022 related to certain construction costs that were deemed unrecoverable by management.

#### Debt Issuance Costs

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

#### Capitalized Costs and Amortization

Capitalized costs consist of capitalized tax credit fees and capitalized leasing costs totaling \$884,452 and \$527,964 as of December 31, 2023 and 2022, respectively. These fees have been capitalized and are being amortized on the straight-line basis over the term of the tax credit period or the lease period (fifteen years). Accumulated amortization was \$336,876 and \$291,735 as of December 31, 2023 and 2022, respectively. Amortization expense for 2023 and 2022 was \$45,141 and \$23,198, respectively. Amortization expense is expected to be \$55,050 for the next five years.

#### 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 page 20) as support for development projects carried on by those limited partnerships. Investments in affiliates are increased as new cash investments are made or by anticipated 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).

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

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

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### **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Revenue Recognition**

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

Developer fees are earned by DBEDC in its role as sponsor and developer of its affiliates' projects (see Note 3). Developer fees are generally earned under written developer agreements executed with the affiliates that detail the rights and responsibilities of both parties under each project development agreement. The agreements define the scope of activities to be provided by DBEDC and generally include supervising and coordinating project projections, overseeing the construction and/or rehabilitation, obtaining the necessary permitting, and overseeing and coordinating any reporting requirements of the project. These activities under the agreement are considered a single performance obligation as the services provided are not considered to be distinct within the context of the agreement. DBEDC determined the services within the agreement are highly interdependent with each other and comprise an integrated series of activities associated with the completion of a single real estate development project. Developer agreements define the fixed compensation that DBEDC is expected to be entitled and a schedule of payments to be made from project development sources and, in some cases, from net cash flow from project operations. The performance obligations under developer agreements are satisfied over time as DBEDC's performance creates or enhances a real estate asset that the affiliate controls. Accordingly, DBEDC recognizes revenue from developer agreements over time, as the services are rendered, based on an input method of developer time and effort incurred relative to total expected developer time and effort to complete the contract. Due to the contingent nature of certain developer fees which may be payable from net cash flow from project operations, some are not recognized until received or when collection is assured. See Note 3 for required disclosures related to these developer agreements.

Resident and program service fees are recognized by DBEDC for services provided to their affiliates (see Note 3), which include partnership management fees and asset management fees. Services are generally provided on an annual basis incident to separate agreements that renew annually at the election of the parties or under aspects of the operating agreements that govern the operations of the affiliate. These agreements specify the compensation for each annual period. Each service is considered a single performance obligation as each service is distinct. The performance obligations under these agreements are satisfied evenly over the year as the affiliate receives the benefits provided as DBEDC performs. Management fees are generally recognized in one calendar year. Compensation is generally fixed under the relevant agreement but may contain variable components in the case of certain partnership management services. Certain fees are only earned and/or payable subject to the availability of net cash flow from the affiliate's operations and are only recognized as revenue when collection is assured.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition (Continued)

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, the Agency must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Agency should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met (see Note 16).

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

Rental income is accounted for in accordance with Topic 842 and is recognized over the rental period and is shown net of vacancies and concessions of \$470,959 and \$568,001 for 2023 and 2022, 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.

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).

Interest income and other is recognized as earned. Special event revenue is recognized when the event occurs. 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, Executive Office of Housing and Livable Communities (EOHLC) notes receivable and lending cash reserves held by Boston Homeowner Services Collaborative, Inc. are recorded as net assets with donor restrictions additions (see page 19). Interest income of the NeighborWorks® America (NWA) revolving loan fund is included in net assets without donor restrictions. All other income is recognized as earned.

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

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

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### **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **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 right-of-use (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.

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, 2023, these options were not exercised and, therefore, were not included in the calculation of ROU assets and lease liabilities.

#### **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.

#### **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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Fair Value Measurements

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

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

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

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

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

### 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) and ROU assets, net of related liabilities.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Asset Classification (Continued)

- **Board designated net assets:** DBEDC's Board of Directors has designated net assets without donor restrictions for the following purposes as of December 31, 2023 and 2022:

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>2023</u>	<u>2022</u>
Operating reserve	\$ 298,014	\$ 297,619
Non-operating reserve	<u>62,420</u>	<u>62,337</u>
	<u>\$ 360,434</u>	<u>\$ 359,956</u>

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

**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>2023</u>	<u>2022</u>
Project Development:		
Other	\$ 220,000	\$ 514,200
Fairmount Collaborative (see Note 7)	<u>150,000</u>	<u>293,869</u>
Subtotal Project Development	370,000	808,069
Other Purpose Restricted Grants:		
Other	995,928	1,335,000
Loan capital	933,159	824,721
Revolving loan fund capital - NWA	<u>119,501</u>	<u>119,501</u>
	<u>\$ 2,418,588</u>	<u>\$ 3,087,291</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 loan losses in this fund is reflected as an unrestricted deficit.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Asset Classification (Continued)

**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, 2023 and 2022.

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, 2023 and 2022. Net operating losses incurred through 2017 will be carried forward and expire at various dates through 2037. Net operating losses incurred in 2018 and onward will be carried forward indefinitely. The value of the deferred tax assets associated with the net operating loss carryforwards has been reserved due to the uncertainty of their future use. No income tax provision has been included in the consolidating financial statements for the rental properties (see Note 3) as the income, loss and credits are reported by the partners on their respective income tax returns.

#### Subsequent Events

Subsequent events have been evaluated through June 25, 2024, which is the date the consolidating financial statements were available to be issued. See Note 8 for events that met the criteria for recognition or disclosure in the consolidating financial statements.

### 3. RELATED PARTY TRANSACTIONS

#### Consolidated Entities

DBEDC shares common Board members and management with Indigo Support Corporation, DBH, DBNLF, DB Pierce Support, 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.

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

Entity		State Formed	Ownership Information
<b>Dorchester Bay Consolidated Entities:</b>			
DB Housing, Inc.	(DBH)	MA	100% controlled by DBEDC
Dorchester Bay Neighborhood Loan Fund	(DBNLF)	MA	100% controlled by DBEDC
Boston Homeowner Services Collaborative, Inc.	(BHSC)	MA	100% controlled by DBEDC
DB Pierce Property Support Corporation	(DB Pierce Support)	MA	100% controlled by DBEDC



## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

### 3. RELATED PARTY TRANSACTIONS (Continued)

Entity		State Formed	Ownership Information
<b>Controlled Affiliates:</b>			
Dorchester Family Homes, LLC	(DFH)	MA	100% owned by DBEDC
DB Industrial, Inc.	(DBI)	MA	100% owned by DBEDC
DB Commercial, Inc.	(DBC)	MA	100% owned by DBEDC
Indigo Apartments Landowner, LLC	(Indigo Landowner)	MA	100% owned by DBEDC
Indigo Blocker, LLC	(Indigo Blocker)	MA	79% owned by DBEDC
Cottage Brook Housing Limited Partnership	(CBLP)	MA	1% owned by DBCB Housing Inc., 99% owned by DBEDC
DB Leyland LLC	(DB Leyland)	MA	100% owned by DBEDC
Leyland Street LLC	(Leyland)	MA	99.99% owned by Massachusetts Housing Equity Fund XXVII LLC .01% owned by LSH
<b>General Partner Subsidiaries:</b>			
Dorchester Bay Development Corporation	(DBDC)	MA	100% owned by DBEDC
Glendale Properties, Inc.	(GPI)	MA	100% owned by DBEDC
DBCB Housing Inc.	(DBCB)	MA	100% owned by DBEDC
Leyland Senior Housing Manager LLC	(LSH)	MA	100% owned by DBEDC
Ceylon Field, Inc.	(CFI)	MA	100% owned by DBEDC
Wilder Gardens, Inc.	(WGI)	MA	100% owned by DBEDC
DB Pierce MM LLC	(DBP MM)	MA	100% owned by DBEDC
150 Magnolia Corporation	(150 MM)	MA	100% owned by DBEDC
DB Uphams, Inc.	(DBUI)	MA	Majority owned by DBEDC
QHI Housing, Inc.	(QHI)	MA	Majority owned by DBEDC
Dudley Terrace Housing, Inc.	(DTH)	MA	Majority owned by DBEDC
Brunswick Holborn Housing Inc.	(BHI)	MA	Majority owned by DBEDC
Columbia Wood Housing, Inc.	(CWI)	MA	Majority owned by DBEDC
DV North Housing, Inc.	(DVNI)	MA	Majority owned by DBEDC
DV South Housing, Inc.	(DVSI)	MA	Majority owned by DBEDC
DB Cottage Brook, Inc.	(DB Cottage)	MA	Majority owned by DBEDC
DB Dudley Terrace MM LLC	(DBDT MM)	MA	50% owned by DBEDC
Indigo Apartments MM, LLC	(Indigo MM)	MA	40% owned by Indigo Blocker
<b>Rental Properties:</b>			
Peirce Properties Limited Partnership **	(Pierce Properties)	MA	99% owned by DBEDC, 1% owned by DBCD
DB Pierce LLC	(DB Pierce)	MA	1% owned by DBP MM
Geneva Apartments LLC	(Geneva)	MA	51% owned by DBH 99% owned by DBEDC,
DB Uphams Limited Partnership	(DBULP)	MA	1% owned by DBUI
Glendale Associates Limited Partnership	(GALP)	MA	99% owned by DBH, 1% owned by GPI
Dudley Village North Commercial, LLC	(DVNC)	MA	51% owned by DBEDC, 49% owned by DBH
DB 618 Dudley Street, LLC *	(DB618)	MA	100% owned by DBH
DB 555 Dudley Street, LLC *	(555 Dudley)	MA	100% owned by DBEDC
Wilder Gardens Limited Partnership	(Wilder)	MA	99.99% owned by DBEDC, .01% owned by WGI

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

### 3. RELATED PARTY TRANSACTIONS (Continued)

Entity		State Formed	Ownership Information
<b>Rental Properties: (Continued)</b>			
Ceylon Field Limited Partnership	(Ceylon)	MA	99.99% owned by DBEDC, .01% owned by CFI
Dudley Terrace Limited Partnership	(Dudley Terrace)	MA	99.99% ownership by DBEDC, .01% owned by DBDT MM
Dudley Terrace Apartments LLC *	(Dudley Terrace Apartments)	MA	100% owned by DBEDC
DB Pearl Owner LLC **	(DB Owner)	MA	100% ownership by DBEDC
150 Magnolia Limited Partnership	(150 Magnolia)	MA	99.99% owned by DBEDC, .01% 150 MM
Brunswick Holborn Two Limited Partnership	(Brunswick)	MA	0.01% owned by BHI
Columbia Wood Two Limited Partnership	(Columbia)	MA	0.01% owned by CWI
Dudley Village North Limited Partnership	(DV North)	MA	99% owned by DBEDC, 0.01% owned by DVNI
Dudley Village South Limited Partnership	(DV South)	MA	0.01% owned by DVSI 0.01% owned by QHI
Quincy Heights Limited Partnership	(Quincy Heights)	MA	Housing, Inc.
Cottage Brook Apartments Limited Partnership	(Cottage Brook)	MA	0.01% owned by DB Cottage Brook, Inc.
<b>Indigo Properties:</b>			
Indigo Support Corporation (not-for- profit entity)	(Indigo Support)	MA	100% controlled by DBEDC
Indigo Master Tenant, LLC *	(Indigo MT)	MA	100% owned by DBEDC

\* These entities have elected to be disregarded as a separate entity for tax purposes.

\*\* These entities were dissolved in 2022.

### Investments in Affiliates

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

	2023	2022
DB Pierce	\$ 5,831,448	\$ 5,831,448
Indigo Properties	1,418,289	1,126,925
Other Affiliates	281,666	281,666
	<u>7,531,403</u>	<u>7,240,039</u>
Less - valuation allowance	(6,418,827)	(6,677,463)
Less - related party elimination	<u>(1,112,576)</u>	<u>(562,576)</u>
Net investments in affiliates	<u>\$ -</u>	<u>\$ -</u>

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Investments in Affiliates (Continued)

During 2023, DBEDC recognized \$550,000 of recovery from investment in DB Pierce which is reflected net of additional write-offs related to Indigo Properties of \$291,364 in the accompanying consolidating statement of activities due to an anticipated distribution of \$550,000 expected in 2024. As of December 31, 2023 and 2022, total unreserved investments in affiliates consist of \$562,576 related to Indigo Properties. As of December 31, 2023, total unreserved investments in affiliates also consist of \$550,000 related to DB Pierce. DBEDC 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 controlled LPs and LLCs 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 controlled LPs and LLCs to generate sufficient cash flow from operations or from the sale or refinancing of their properties (see Note 2). Due to the long-term nature of expected realization, the Agency has fully reserved many of these uncollected balances, including accrued interest, to reflect these assets at expected realizable values.

As of December 31, 2023, the balance consisted of:

<u>Borrower</u>	<u># of Notes</u>	<u>Interest Rate</u>	<u>Principal Balance</u>	<u>Accrued Interest</u>	<u>Final Maturity</u>
Cottage Brook	4	0% - 2.61%	\$ 17,738,455	\$ 717,959	Through 2045
Dudley Terrace					
Apartments	2	0% - 3.50%	4,426,626	487,748	Through 2052*
150 Magnolia	3	0% - 6.50%	954,602	1,302,725	Through 2033
Brunswick	5	0% - 7.62%	796,145	1,073,052	Through 2055
DB Pierce	1	0.01%	790,000	146	September 2062
DV South	5	0% - 10.0%	623,735	1,534,946	Through 2039
Columbia	3	5.0% - 7.62%	578,917	652,067	Through 2055
DVNC	1	1%	529,222	90,212	April 2020**
DB Leyland	2	2.0%	495,372	6,906	Through 2062*
DV North	4	0% - 6.0%	456,893	601,992	Through 2036
555 Dudley	3	3.0% - 9.0%	437,854	320,775	Through 2038
Quincy Heights	1	0%	432,464	-	December 2043
DBULP	1	0% - 10.0%	274,000	464,473	December 2029
			<u>28,534,285</u>	<u>7,253,001</u>	
Less - amounts characterized as equity*			4,185,518	487,748	
Less - valuation allowance			23,683,488	5,094,751	
Less - current portion - elimination			179,321	1,670,502	
Less - non-current portion elimination			<u>485,958</u>	<u>-</u>	
Net notes and interest receivable from related parties			<u>\$ -</u>	<u>\$ -</u>	

# DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

## 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% - 3.5%	4,426,626	339,183	August 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
		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 - elimination			-	1,980,481	
Less - non-current portion elimination			390,831	-	
Net notes and interest receivable from related parties			\$ -	\$ -	

\* Because these instruments were 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 in accordance with ASC Topic 805 - *Business Combinations*.

\*\* 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>2023</u>	<u>2022</u>
Cottage Brook Housing	\$ 1,011,592	\$ -
Dudley Terrace Apartments	59,076	-
DB Pierce	(25,146)	(765,000)
150 Magnolia	-	(31,975)
	<u>\$ 1,045,522</u>	<u>\$ (796,975)</u>

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

### 3. RELATED PARTY TRANSACTIONS (Continued)

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

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

	<u>2023</u>	<u>2022</u>
CB Housing	\$ 414,491	\$ 1,361,452
DBULP	244,390	380,672
555 Dudley	8,524	31,581
DV South	-	17,894
Leyland Street	<u>-</u>	<u>2,598</u>
	<u>\$ 667,405</u>	<u>\$ 1,794,197</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 2023 and 2022 totaled \$490,733 and \$428,545, respectively. These fees are recognized when paid based on prior cash flow for annual services provided by DBEDC.

##### *Distributions*

During 2023, there were distributions of \$2,043,567 from certain limited partnerships based on 2022 cash flow, of which \$164,067 was distributed to unrelated parties. 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. There are expected distributions of \$949,374 due in 2024 based on 2023 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 payments of the lease liabilities are as follows as of December 31, 2023:

2024	\$ 189,998
2025	195,740
2026	201,565
2027	207,612
2028	213,840
Thereafter	<u>900,858</u>
Total	1,909,613
Less - current portion	(189,998)
Less - present value discount	(531,525)
Less - elimination	<u>(1,188,090)</u>
Lease liability, net	<u>\$ -</u>

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Leases (Continued)

##### Operating Lease (Continued)

DBEDC used a risk-free rate of 7.50% to calculate the present value of the lease liability. DBEDC incurred rent expense of \$211,007 and \$17,584 for the years ended December 31, 2023 and 2022, respectively, 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 statements of financial position as of December 31, 2023 and 2022. Rent expense under these agreements was \$20,034 and \$21,234 for 2023 and 2022, respectively, which has been eliminated in the accompanying consolidating statements of activities.

#### Developer Fees

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

Project	Total Contract	Recognized Prior to 2022	Recognized During 2022	Recognized During 2023	Remaining Contract Balance
Leyland	\$ 1,800,000	\$ 314,541	\$ 997,959	\$ 292,500	\$ 195,000
Indigo Apartments	1,046,685	1,014,990	31,695	-	-
DB Pierce	900,000	352,708	427,292	120,000	-
Indigo MT	752,306	729,525	22,781	-	-
Columbia Crossing (see Note 7)	N/A	-	138,342	182,516	-
	4,498,991	2,411,763	1,618,069	595,016	195,000
Less - reserves	-	-	(113,711)	(120,000)	-
Less - capitalized costs	-	-	(138,342)	(182,516)	-
Sub-total	4,498,991	2,411,763	1,366,016	292,500	195,000
Less - eliminations	-	(440,178)	(679,138)	(242,783)	-
Total	<u>\$ 4,498,991</u>	<u>\$ 1,971,585</u>	<u>\$ 686,878</u>	<u>\$ 49,717</u>	<u>\$ 195,000</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 2023 and 2022, developer fees of \$120,000 and \$130,278, respectively, were deferred and an additional allowance was recorded, which are shown net with developer fee revenue in the accompanying consolidating statements of activities.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

### 3. RELATED PARTY TRANSACTIONS (Continued)

#### Due from Affiliates

The following entities have fees and other advances due to Dorchester Bay as of December 31, 2023 and 2022. Certain amounts have been reserved by Dorchester Bay, as the amounts are either due from projected cash flow or payment is otherwise undeterminable. Due from affiliates are comprised of the following at December 31:

	<u>2023</u>	<u>2022</u>
Current:		
Indigo Support	\$ 328,167	\$ 69,721
Dudley Terrace Apartments	308,014	-
Quincy Heights	228,952	49,006
Cottage Brook	227,843	207,843
DB Pierce	74,304	10,118
Indigo MM	30,909	-
150 Magnolia	12,058	-
Geneva	8,500	-
Leyland	7,477	7,477
DVNC	<u>3,895</u>	<u>3,900</u>
Total current portion	<u>\$ 1,230,119</u>	<u>\$ 348,065</u>
Long-term:		
DB Pierce	\$ 974,895	\$ 854,404
Indigo Properties	477,136	337,000
DV North	155,979	155,979
555 Dudley	90,439	90,439
Dudley Terrace Apartments	-	290,534
150 Magnolia	-	<u>11,361</u>
	<u>1,698,449</u>	<u>1,739,717</u>
Less - valuation allowance	<u>1,114,695</u>	<u>865,921</u>
Total long-term portion	<u>\$ 583,754</u>	<u>\$ 873,796</u>

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

#### Other

The Treasurer of the Agency is employed at a financial institution in which several bank accounts were opened and maintained during 2023 and where certain notes payable are held.

### 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.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

### 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 these reserve 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.

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

Loan portfolio reserves consist 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:

	<b>2023</b>		
	<b>Dorchester Bay</b>	<b>Rental</b>	<b>Total</b>
Current:			
Escrows	\$ -	\$ 1,474,416	\$ 1,474,416
Long-term:			
Operating reserves	17,308	8,140,228	8,157,536
Replacement reserves	-	10,327,273	10,327,273
Interest reserve	-	145,000	145,000
Loan portfolio reserves	<u>1,100,272</u>	<u>-</u>	<u>1,100,272</u>
Subtotal	<u>1,117,580</u>	<u>18,612,501</u>	<u>19,730,081</u>
	<u>\$ 1,117,580</u>	<u>\$ 20,086,917</u>	<u>\$ 21,204,497</u>
	<b>2022</b>		
	<b>Dorchester Bay</b>	<b>Rental</b>	<b>Total</b>
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>



## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

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### 6. NOTES AND INTEREST RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

#### 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.

Notes receivable for loan programs are comprised of the following at December 31:

	<u>2023</u>	<u>2022</u>
Total notes receivable	\$ 2,581,430	\$ 1,021,568
Plus - accrued interest	78,204	74,754
Less - current portion, net of allowance for credit losses	545,378	212,200
Less - allowance for credit losses	<u>345,022</u>	<u>297,966</u>
	<u>\$ 1,769,234</u>	<u>\$ 586,156</u>

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

2024	\$ 673,971
2025	481,516
2026	473,260
2027	479,584
2028	250,081
Thereafter	<u>223,018</u>
	2,581,430
Plus - accrued interest	78,204
Less - current portion	545,378
Less - allowance for credit losses	<u>345,022</u>
	<u>\$ 1,769,234</u>

There was no charge-off of notes receivable during the years ended December 31, 2023 and 2022. As of December 31, 2023 and 2022, there were no notes receivable on non-accrual status.

#### Loan Programs – Allowance for Credit Losses

The allowance for credit losses is a valuation account that is deducted from the notes' amortized cost basis to present the net amount expected to be collected on the notes. Notes are charged-off against the allowance when management believes the lack of collectability of a note balance is confirmed.

Management estimates the allowance for credit losses using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current risk characteristics such as differences in delinquency level, or term as well as for changes in environmental conditions, such as changes in interest rates or other relevant factors. After the reasonable and supportable forecast period, the Agency's model reverts to historical loss trends.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

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### 6. NOTES AND INTEREST RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES (Continued)

#### Loan Programs – Allowance for Credit Losses (Continued)

The Agency's has one risk pool with shared risk characteristics. The Agency's historical average annual loss rate for the most recent five-year lookback period is 6% as of both the adoption date (January 1, 2023) and December 31, 2023. Based on the historical average annual loss rate of 6%, the Agency adjusted the lifetime loss rate to reflect the effects of changes in current economic conditions and forecasted changes in portfolio performance, management had applied a 0% qualitative factor (Q-Factor) based on industry analysis to the quantified lifetime loss rate as of both the adoption date (January 1, 2023) and December 31, 2023, for all notes. Notes are also evaluated individually on an as needed basis when uncertainty of repayment arises.

A summary of the activity within the allowance for credit/loan losses within the loan program is follows for the years ended December 31, 2023 and 2022:

Allowance for loan losses, December 31, 2021	\$ 288,670
Provision for loan losses	<u>9,296</u>
Allowance for loan losses, December 31, 2022	297,966
Cumulative adjustment from Topic 326 adoption	(131,958)
Provision for current expected credit losses	<u>179,014</u>
Allowance for credit losses, December 31, 2023	<u>\$ 345,022</u>

The provision for current expected credit losses is included in bad debt expense in the accompanying consolidating statements of functional expenses. There were no delinquent notes as of December 31, 2023 and 2022. The Agency reports recoveries of notes previously written off in prior years as income when the amount is collected, or collection is assured. There were no recoveries of notes previously written off during 2023 or 2022.

#### Project Development

##### *Massachusetts Historic and State Low-Income Tax Credit Notes*

Notes receivable include Massachusetts historic and state low-income tax credit programs (State Tax Credit Programs) notes where DBEDC acts as the nonprofit intermediary for projects that qualify for Massachusetts tax credits. Under these arrangements, DBEDC receives a donation of tax credits from each project's sponsor and makes a loan to the respective project entity from the proceeds of DBEDC's resale of the tax credits to outside investors. The notes have interest rates ranging from 0.01% to 4.8%, which DBEDC will receive on the maturity date. These notes mature at various dates through December 2065.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

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### 6. NOTES AND INTEREST RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES (Continued)

#### Project Development (Continued)

##### *Massachusetts Historic and State Low-Income Tax Credit Notes (Continued)*

Based on the structure of these State Tax Credit Program notes that are intended to be contingent debt to the respective borrowers, there is no expectation of repayment to DBEDC provided that the projects adhere to the requirements of the note agreement. As a result, the balance of these State Tax Credit Program notes has been deemed to be uncollectible and an allowance for credit losses (loan losses as of December 31, 2022) equal to the amortized cost basis of the loans as of December 31, 2023 and 2022. As a result of the lack of historical loss data available and the expectation of no repayment of the loans, under Topic 326, DBEDC has valued these loans at their anticipated net realizable value determined through a qualitative assessment of future forecasted repayments based on the nature of the State Tax Credit Program. As a result of this assessment performed as of December 31, 2023, DBEDC determined that an additional allowance for credit losses was necessary, therefore, a provision for credit losses was recorded in the amount of \$6,020,800 for the new note made during 2023, which is reflected as allowance for credit losses on notes receivable - third party in the accompanying 2023 consolidating statement of activities.

##### *New Market Tax Credit Note*

Notes receivable also include a New Market Tax Credit (NMTC) note where DBEDC raised capital through debt and grant funds and made a loan to an outside investor where the proceeds were combined with additional capital for the benefit of a project that qualifies for NMTCs. Under this agreement, DBEDC receives quarterly interest-only payments at a rate of 4.8% on the outstanding principal balance through December 31, 2026. Beginning January 1, 2027, payments of principal and interest of \$135,070 are due quarterly through the maturity date of June 30, 2048.

Estimated maturities of the NMTC note receivable over the next five years are as follows:

2027	\$ 197,199
2028	206,837
Thereafter	<u>6,817,688</u>
	<u>\$ 7,221,724</u>

Based on the structure of the NMTC Program note that is intended to be long-term debt to the respective borrower, there is an expectation of repayment to DBEDC provided that the project adheres to the requirements of the note agreement. As a result, the full balance of this NMTC Program note has been deemed to be fully collectible and no allowance for credit losses (loan losses as of December 31, 2022) is deemed necessary as of December 31, 2023 and 2022. As a result of the lack of historical loss data available and the expectation of repayment of the loan, under Topic 326, DBEDC has valued this loan at its anticipated net realizable value determined through a qualitative assessment of future forecasted repayments based on the nature of the NMTC Program. As a result of this assessment performed as of December 31, 2023, DBEDC determined that there was no further adjustment needed to the allowance for credit losses, therefore, no provision for credit losses was recorded during 2023.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

### 6. NOTES AND INTEREST RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES (Continued)

#### Project Development (Continued)

##### *New Market Tax Credit Note (Continued)*

Notes receivable, net of allowances for credit losses, consist of the following as of December 31, 2023:

<u>Funding Source</u>	<u>Number of Loans</u>	<u>Loans Receivable</u>	<u>Allowance for Credit Losses</u>	<u>Net</u>
Massachusetts historic and state low-income tax credits	2	\$ 6,820,800	\$ 6,820,800	\$ -
New Market Tax Credits	<u>1</u>	<u>7,221,724</u>	<u>-</u>	<u>7,221,724</u>
Total	<u>3</u>	<u>\$ 14,042,524</u>	<u>\$ 6,820,800</u>	<u>\$ 7,221,724</u>

Notes receivable, net of allowances for loan losses, consist of the following as of December 31, 2022:

<u>Funding Source</u>	<u>Number of Loans</u>	<u>Loans Receivable</u>	<u>Allowance for Loan Losses</u>	<u>Net</u>
Massachusetts historic and state low-income tax credits	1	\$ 800,000	\$ 800,000	\$ -
New Market Tax Credits	<u>1</u>	<u>7,221,724</u>	<u>-</u>	<u>7,221,724</u>
Total	<u>2</u>	<u>\$ 8,021,724</u>	<u>\$ 800,000</u>	<u>\$ 7,221,724</u>

### 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 2023 and 2022:

**Leyland Street** is a residential development in Dorchester. As of December 31, 2023 and 2022, 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.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

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### 7. PROJECTS UNDER DEVELOPMENT (Continued)

Projects under development consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
DB Leyland/Leyland	\$ 19,467,466	\$ 9,729,506
Columbia Crossing	1,087,264	-
Capitalized salaries	320,858	138,342
Various other projects	<u>150,984</u>	<u>480,671</u>
Total projects under development	<u>\$ 21,026,572</u>	<u>\$ 10,348,519</u>

Management of the Agency has capitalized the costs related to various projects, although financing is uncertain, management believes the costs are recoverable from the future development and/or sale of the project. There is a risk that if financing for specific projects is not obtained, sales proceeds are insufficient, or projects become unfeasible, that the Agency will need to write down the value of the affected assets in future consolidating financial statements. No impairment loss was recognized during 2023 relating to projects under development. During 2022, there was impairment recognized in the amount of \$314,680 related to development costs that were not recoverable. 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, 2023 and 2022

**8. NOTES PAYABLE**

Notes payable at December 31, 2023 and 2022, consist of:

Entity	Lender	Security	Interest Rate	Maturity	Outstanding Balance	
					2023	2022
<b>Operating:</b>						
DBEDC	Massachusetts Housing Investment Corporation (MHIC)	Certain assets of DBEDC	Prime + 2.50%	February 2023	\$ -	\$ 70,000
<b>Loan Programs:</b>						
DBEDC	TD Bank	Unsecured	2.50%	June 2032	1,500,000	1,500,000
DBNLF	SBA (2 loans)	Unsecured	Various	July 2028	272,454	368,191
DBNLF	Sisters of Charity	Unsecured ****	2.00%	June 2023	50,000	50,000
	Total loan programs				1,822,454	1,918,191
<b>Project Development:</b>						
DBEDC - Other	The Life Insurance Community Investment Initiative (2 loans)	Secured by certain notes receivable	4.85% and 4.50%	June 2031	7,905,302	7,792,260
DBEDC - Other	Hebrew Senior Life	Secured by collateral notes *****	5.00%	December 2023	600,000	811,765
DBEDC - Other	PNC	Unsecured	7.00%	December 2026	-	500,000
Leyland	Eastern Bank Construction Loan	Mortgage and an assignment of rents and leases *	3.90%	August 2024 *	12,210,487	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%	June 2062	280,000	280,000
DFH	BlueHub Loan Fund, Inc.	First mortgage and an assignment of leases and rents on the premises	6.50%	June 2027	30,781	38,167
DFH	Local Initiatives Support Corporation (LISC)	Shared first mortgage and an assignment of leases and rents on the premises	3.50%	August 2025	9,767	14,608
Colombia Crossing	The Life Initiative	Mortgage on certain property	6.00%	March 2027	687,294	450,794
DBH	BlueHub Loan Fund, Inc	First mortgage on 212 Quincy St. property	6.00%	June 2024	-	24,062
	Subtotal project development				21,723,631	13,370,356
	Less - amounts characterized as equity **				280,000	280,000
	Less - unamortized debt issuance costs				119,351	123,942
	Total project development				21,324,280	12,966,414
	Total DBEDC and Affiliates				23,146,734	14,954,605
	Total Rental Properties (see Note 18)				74,123,114	75,753,045
	Total notes payable before eliminations				97,269,848	90,707,650
	Less - eliminations				96,147	101,540
	Total notes payable				97,173,701	90,606,110
	Less - current portion				3,225,693	3,197,870
	Total long-term debt, net				\$ 93,948,008	\$ 87,408,240

\* This loan was extended to August 2024 and has an additional option to extend for a twelve-month period. This loan will be paid in full using unpaid investor contributions and other loan commitments (see Note 11).

\*\* 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 was converted to the investor's capital contribution during 2023.

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

\*\*\*\*\* This loan was paid in full subsequent to December 31, 2023.

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

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### 8. NOTES PAYABLE (Continued)

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

2024	\$ 3,225,693
2025	\$ 5,226,126
2026	\$ 3,703,212
2027	\$ 4,248,463
2028	\$ 3,064,338

Debt issuance costs related to these notes payable (see page 34 and Note 18) totaling \$2,335,047 and \$2,383,584 are being amortized over the terms of the related mortgages and are shown net of accumulated imputed interest of \$866,914 and \$777,660 as of December 31, 2023 and 2022, respectively. Amortization of debt issuance costs of \$124,028 and \$103,227 are included in interest expense in the accompanying consolidating statements of functional expenses for the years ended December 31, 2023 and 2022, 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 \$130,000 for the next five years.

These notes payable (see page 34 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, 2023 and 2022.

**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

**9. CONTINGENT DEBT AND DEFERRED INTEREST**

Contingent debt and deferred interest at December 31, 2023 and 2022, consist of:

Entity	Lender	Security	Interest Rate	Maturity	2023		2022	
					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	22,913	585,000	-
	Executive Office of Housing and Livable Communities (EOHLC) NHT	Shared first mortgage on property	2.00%	June 2053	1,423,892	86,579	1,423,892	17,350
Leyland LLC	EOHLC HIF	Shared first mortgage on property	2.00%	June 2053	950,000	35,925	950,000	16,925
Leyland LLC	EOHLC HSF	Shared first mortgage on property	2.00%	June 2073	900,000	25,244	900,000	7,244
	City of Boston, Mayor's Office of Housing (MOH)	Shared first mortgage on property	2.00%	June 2053	900,000	27,767	900,000	9,767
Leyland LLC	EOHLC AHTF	Shared first mortgage on property	2.00%	June 2053	483,147	12,079	483,147	2,416
Leyland LLC	EOHLC FCF	Shared first mortgage on property	2.00%	June 2053	456,152	17,486	456,152	8,363
Leyland LLC	DBEDC	Shared first mortgage on property	2.00%	June 2062	215,372	6,906	215,372	2,598
Total Project Development					5,913,563	234,899	5,913,563	64,663
Total DBEDC and Affiliates					5,967,363	234,899	5,967,363	64,663
Total Rental Properties (see Note 19)					57,044,330	17,767,178	57,715,648	17,125,183
Total contingent debt and deferred interest before eliminations					63,011,693	18,002,077	63,683,011	17,189,846
Less - eliminations					24,252,620	6,764,965	25,060,013	6,616,034
Total contingent debt and deferred interest, net					\$ 38,759,073	\$ 11,237,112	\$ 38,622,998	\$ 10,573,812

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

Payments due based on surplus cash flow and maturities of contingent debt and deferred interest are due over the next five years are as follows:

2024	\$ 3,659,371
2025	\$ 1,747,934
2026	\$ 222,651
2027	\$ -
2028	\$ 400,000

## 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:

	<b>2023</b>	
	<b>Operating</b>	<b>Rental Programs</b>
Cash	\$ 13,918,340	\$ 11,052,288
Escrows and restricted deposits, current	-	1,474,416
Grants receivable	876,026	-
Tenant and other receivables, net	201,780	1,086,292
Notes and interest receivable, current	<u>545,378</u>	<u>-</u>
	15,541,524	13,612,996
Less - development project cash	(1,061,616)	-
Less - cash held for initiatives with donor restrictions and Board designated reserves (see Note 2)	(1,876,361)	-
Less - current portion of notes and interest receivable with donor restrictions	<u>(545,378)</u>	<u>-</u>
	<u>\$ 12,058,168</u>	<u>\$ 13,612,996</u>
	<b>2022</b>	
	<b>Operating</b>	<b>Rental Programs</b>
Cash	\$ 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>

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

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

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### **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, 2023 and 2022, the Agency and its operating affiliates had working capital (current assets less current liabilities) of \$14,951,893 and \$15,256,185, respectively, and average days of cash on hand of 593 and 770, 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, 2023 and 2022. 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 consolidated 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, 2023 and 2022, 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, 2023 and 2022

### 11. COMMITMENTS AND CONTINGENCIES (Continued)

#### Sponsor Obligations (Continued)

As of December 31, 2023, 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>
EOHLC	4.00%	\$ 3,025,000	2.5 years
Boston Financial	8.00%	\$ 18,933,750	2.5 years
LIHTC	**	\$ 5,187,500	2.5 years
Mass Development	**	\$ 24,835,700	2.5 years
Citizens Bank	6.88%	\$ 23,500,000	2.5 years
Mass Housing Partnership	4.60%	\$ 6,700,000	2.5 years
City of Boston - MOH	**	\$ 1,000,000	**
City of Boston - NHT	**	\$ 1,500,000	**

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

As of December 31, 2023, DBEDC entered into a loan commitment with Eastern Bank for \$4,200,000 related to DB Pierce.

#### Projects Under Development

DB Pierce was awarded \$1,300,000 of 2023 State Historic Tax Credits. As of December 31, 2023, DB Pierce qualified for Federal Historic Tax Credits in the amount of \$2,545,883.

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 based on certain qualifications being met. 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, 2023 and 2022

**12. LEASE AGREEMENTS (Continued)**

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

	<b>Dorchester Bay</b>	<b>Rental</b>	<b>Total</b>
2024	\$ 146,100	\$ 475,385	\$ 621,485
2025	150,509	430,172	580,681
2026	100,724	323,228	423,952
2027	100,997	329,260	430,257
2028	101,279	334,273	435,552
Thereafter	<u>419,833</u>	<u>12,508,137</u>	<u>12,927,970</u>
Total	<u>\$ 1,019,442</u>	<u>\$ 14,400,455</u>	<u>\$ 15,419,897</u>

**13. GROUND LEASES**

DV South entered into a ninety-nine-year ground lease with an unrelated 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 an unrelated 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.

The future maturities of the lease liabilities are as follows as of December 31, 2023:

2024	\$ 10,304
2025	10,304
2026	10,304
2027	10,304
2028	10,304
Thereafter	<u>666,644</u>
Total	718,164
Less - current portion	(4,600)
Less - present value discount	<u>(308,807)</u>
Lease liability, net	<u>\$ 404,757</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, 2023 and 2022, the rent expense for DV South was \$7,354 and \$7,004, respectively. For the years ended December 31, 2023 and 2022, the rent expense for DV North was \$3,300.

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

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

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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 \$136,000 and \$141,000 to the plan for 2023 and 2022, respectively, which are included in employee benefits in the accompanying consolidating statements of functional expenses.

### **16. CONDITIONAL GRANTS AND ADVANCES**

The Agency is awarded various grants from private and public entities which, from time to time, require certain barriers to be overcome in order to allow recognition of revenue. These amounts are considered conditional and, as such, have not been recognized in the accompanying consolidating statements of activities. There was a \$350,000 conditional award in which the Agency did not meet the required benchmarks to allow recognition as of December 31, 2022. There were no conditional awards as of December 31, 2023.

Funds received in advance of meeting the required barriers to recognition are due back to the funder if the conditions are not met. These amounts were \$215,372 and \$245,882 as of December 31, 2023 and 2022, respectively, and are reflected as conditional grant advances in the accompanying consolidating statements of financial position.

### **17. RECLASSIFICATIONS**

Certain amounts in the December 31, 2022 consolidating financial statements have been reclassified to conform with the December 31, 2023 presentation.

**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

**18. NOTES PAYABLE - RENTAL PROPERTIES**

Entity	Lender	Security	Interest Rate	Maturity Date	Outstanding Principal	
					2023	2022
DB Pierce	Eastern Bank	First mortgage on the property	5.60% *	September 2024 **	\$ 3,456,529	\$ 2,526,251
DB Pierce	Life Initiative	Second mortgage of the property	5.00%	September 2025	1,059,453	2,347,453
DBULP	SVB	First mortgage on the property	6.03%	December 2029	2,966,984	2,270,929
GALP	BERKADIA	First mortgage on the property	3.83% *	December 2051	13,128,196	13,377,335
DVNC	SVB	First mortgage on the property	3.30%	August 2030	176,069	198,913
555 Dudley	MHP	First mortgage on the property	3.97%	March 2025	986,483	1,017,991
555 Dudley	MHP	Second mortgage of the property	4.50%	March 2025	321,180	330,812
555 Dudley	DBEDC	Fourth mortgage on the property	3.00%	January 2038	96,147	101,540
Wilder	MHP	First mortgage on the property	4.85% *	March 2035	1,727,663	1,772,806
Dudley Terrace Apartments	MHP	First mortgage on the property	3.26%	August 2042	5,159,409	5,264,138
150 Magnolia	MHP	First mortgage on the property	5.15%	January 2025	588,185	635,521
Brunswick	MHP	First mortgage on the property	5.96%	June 2027	1,672,746	1,750,456
Columbia	MHP	First mortgage on the property	5.95%	August 2027	1,922,584	2,011,974
DV North	MHP	Fourth mortgage on the property	3.17%	June 2028	542,092	569,692
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	66,007	68,269
DV South	MHP	First mortgage on the property	6.27%	November 2026	869,635	903,538
DV South	MHP	Second mortgage of the property	2.00%	December 2026	450,000	450,000
Quincy Heights	Massachusetts Housing Financing Authority	First mortgage on the property	2.29%	June 2040	12,812,171	13,400,731
Cottage Brook	Eastern Bank	First mortgage on the property	4.20% *	December 2035	15,085,282	15,439,569
Cottage Brook	HUD	Second mortgage of the property	1.00%	December 2036	1,243,766	1,662,952
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					75,723,581	77,493,870
Less - unamortized discount					251,685	272,606
Less - unamortized debt issuance costs					1,348,782	1,468,219
Less - current portion					2,260,934	2,158,590
Total long-term debt, net					<u>\$ 71,862,180</u>	<u>\$ 73,594,455</u>

\* Guaranteed by DBEDC

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

The long-term debt agreements contain various covenants with which the Agency must comply. As of December 31, 2023 and 2022, the Agency was in compliance with these debt covenants.

**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

**19. CONTINGENT DEBT AND DEFERRED INTEREST - RENTAL PROPERTIES**

Entity	Lender	Security	Interest Rate	Maturity	2023		2022	
					Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
DB Pierce	DBEDC	Mortgage on the project	0.01%	September 2062	\$ 790,000	\$ 97	\$ 765,000	\$ 19
DB Pierce	Southwest Boston Community Development Corporation (SBCDC)	Third mortgage on the property	0.01%	September 2063	1,288,000	-	-	-
DBULP	DBH	Third mortgage on the property	10.00% **	December 2029	274,000	464,473	274,000	754,143
DVNC	DBEDC	Property is pledged as collateral	1.00%**	April 2020****	529,222	90,212	529,222	83,995
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	EOHLC - Affordable Housing Trust	Shared third mortgage on property	0.00%	October 2042	650,000	-	650,000	-
555 Dudley	Fund Statute (AHTF)	Shared third mortgage on property	0.00%	October 2042	387,500	-	387,500	-
555 Dudley	EOHLC - HOME	Shared third mortgage on property	0.00%	October 2062	387,500	-	387,500	-
555 Dudley	EOHLC - 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	318,385	223,000	273,684
555 Dudley	DBEDC	Sixth mortgage on the property	5.00%	December 2032	118,707	2,150	121,208	8,864
Ceylon	City of Boston	First mortgage on the property	7.50% **	January 2029	1,250,000	494,803	1,250,000	674,671
150 Magnolia	City of Boston	Second mortgage on the property	5.50%	April 2034	749,304	1,732,027	749,304	1,604,555
150 Magnolia	EOHLC	Third mortgage on the property	5.00%	December 2031	600,000	651,661	600,000	621,661
150 Magnolia	CEDAC	Subordinate mortgage	5% simple interest for twenty years, then 0% through maturity	December 2031	500,000	547,533	500,000	522,533
150 Magnolia	DBEDC	Subordinate mortgage	6.50% **	December 2033	430,895	1,302,725	430,895	1,193,101
150 Magnolia	DBEDC	Subordinate mortgage	0.00%	December 2021****	400,000	-	400,000	-
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	115,656	1,692,529	81,805
Dudley Terrace Apartments	EOHLC HOME	First mortgage on the property	7.00%	June 2051	500,000	119,583	500,000	84,583
Dudley Terrace Apartments	EOHLC - Facilities Consolidation Fund	First mortgage on the property	2.00%	June 2051	406,500	26,473	406,500	18,343
Dudley Terrace Apartments	MOH NHT	First mortgage on the property	2.00%	June 2051	402,000	22,975	402,000	14,935
Dudley Terrace Apartments	Codman Square Neighborhood Development Corp (CSNDC)	Mortgage on the project	3.00%	August 2060	254,800	15,188	254,800	7,325
Dudley Terrace Apartments	EOHLC -AHTF	Mortgage on the project	2.00%	June 2051	805,015	22,897	805,015	6,797
Dudley Terrace Apartments	DBEDC	First mortgage on the project ***	3.50%	August 2052	3,905,518	487,748	3,905,518	339,183
Dudley Terrace Apartments	DBEDC	First mortgage on the property	0.00%	December 2032	521,108	-	521,108	-
Brunswick	MHFA	Mortgage on the project	0.10%	December 2036	725,863	726	824,681	825
Brunswick	EOHLC	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	303,440	900,233	336,570
Brunswick	MHP	Mortgage on the project	5.00%	August 2055	750,000	672,460	750,000	634,960
Brunswick	DBEDC	Mortgage on the project	5.00% **	December 2055	397,552	491,951	397,552	449,594
Brunswick	DBEDC	Mortgage on the project	5.00% **	December 2055	200,000	238,264	200,000	217,394
Brunswick	DBEDC	Mortgage on the project	7.62%	December 2055	110,540	245,678	110,540	237,255
Brunswick	DBEDC	Mortgage on the project	5.00% **	December 2055	82,503	97,159	82,503	88,604
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	887,739	888	981,676	983
Columbia	City of Boston	Mortgage on the project	4.40% **	July 2038	871,553	294,486	871,553	322,561
Columbia	EOHLC	Mortgage on the project	5.00%	August 2055	750,000	673,001	750,000	635,501
Columbia	EOHLC	Mortgage on the project	0.00%	August 2055	468,891	-	468,891	-

**DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES**

Notes to Consolidating Financial Statements  
December 31, 2023 and 2022

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

Entity	Lender	Security	Interest Rate	Maturity	2023		2022	
					Outstanding Principal	Deferred Interest	Outstanding Principal	Deferred Interest
Columbia	DBEDC	Mortgage on the project	5.00% **	December 2055	376,744	333,663	376,744	299,834
Columbia	DBEDC	Mortgage on the project	7.62%	December 2055	117,377	220,974	117,377	212,030
Columbia	DBEDC	Mortgage on the project	5.00% **	December 2055	84,796	97,430	84,796	88,753
DV North	City of Boston	Shared third mortgage on property	6.00% **	September 2037	1,238,888	1,414,940	1,238,888	1,369,292
DV North	EOHLC	Shared third mortgage on property	0.00%	March 2038	901,580	-	901,580	-
DV North	EOHLC	Shared third mortgage on property	0.00%	March 2058	748,842	-	748,842	-
DV North	EOHLC	Shared third mortgage on property	6.5% **	March 2058	600,000	1,150,228	600,000	1,043,407
DV North	DBEDC	Shared fifth mortgage on property	6.00% **	December 2036	300,000	507,831	300,000	462,105
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	68,710	49,200	62,036
DV North	DBEDC	Unsecured	5.00% **	December 2036	28,443	25,451	28,443	22,885
DV South	EOHLC	Shared third mortgage on property	3.00%**	March 2038	1,078,477	667,932	1,078,477	617,066
DV South	City of Boston	Shared third mortgage on property	4.90% **	September 2037	800,000	852,572	800,000	784,092
DV South	EOHLC	Shared third mortgage on property	3.00%**	March 2058	750,000	385,591	750,000	361,302
DV South	EOHLC	Shared third mortgage on property	6.00%**	March 2058	500,000	844,059	500,000	767,980
DV South	DBEDC	Fourth mortgage on property	10.00%**	March 2025	300,000	1,187,934	300,000	1,052,667
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	177,661	114,057	168,208
DV South	DBEDC	Shared fifth mortgage on property	10.00%**	December 2026	53,300	169,351	53,300	149,110
DV South	DBEDC	Unsecured	0.00%	December 2039	29,628	-	29,628	-
Quincy Heights	EOHLC	Mortgage and an assignment of rents and leases	0.00%	November 2044 *	520,290	-	593,126	-
Quincy Heights	City of Boston	Mortgage and an assignment of rents and leases	0.00%	June 2040 *	6,331,361	-	7,217,695	-
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 *	15,200,138	414,491	16,030,030	531,560
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	303,469	1,500,000	257,595
Cottage Brook	DBEDC	Mortgage on the project	0.00%	December 2045	494,401	-	494,401	-
Total Rental Properties					60,949,848	18,254,926	61,621,166	17,464,366
Less - current portion					1,061,081	2,598,290	1,467,489	2,267,206
Less - amounts characterized as equity ***					3,905,518	487,748	3,905,518	339,183
Total contingent debt and deferred interest, net					<u>\$ 55,983,249</u>	<u>\$ 15,168,888</u>	<u>\$ 56,248,159</u>	<u>\$ 14,857,977</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, 2023  
(With Summarized Comparative Totals as of December 31, 2022)

	2023									
	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	150 Magnolia LP
<b>Assets</b>										
Current Assets:										
Cash and cash equivalents	\$ 8,724	\$ 1,653,500	\$ 376,815	\$ 301,752	\$ 377,352	\$ 61,612	\$ 57,634	\$ 953,760	\$ 1,124,736	\$ 104,831
Tenant and other receivables, net of valuation allowance	18,793	35,261	32,574	125,423	15,589	20,910	66,290	77,487	100,132	37,973
Current portion of escrows and restricted deposits	243,399	32,658	28,549	122,080	-	6,831	17,476	46,340	80,781	29,505
Due from affiliates	68,249	-	-	-	3,895	-	-	-	-	-
Prepaid expenses and other current assets	60,187	69,142	13,275	48,969	-	2,252	5,509	54,507	19,672	6,673
Total current assets	399,352	1,790,561	451,213	598,224	396,836	91,605	146,909	1,132,094	1,325,321	178,982
Other Assets:										
Escrows and restricted deposits, net of current portion	1,287,500	1,442,692	862,157	1,819,221	72,973	25,133	146,959	595,268	160,818	250,348
Right-of-use asset	-	-	-	-	-	-	-	-	-	-
Capitalized costs, net	19,694	-	-	-	-	-	-	-	-	-
Total other assets	1,307,194	1,442,692	862,157	1,819,221	72,973	25,133	146,959	595,268	160,818	250,348
Property and Equipment:										
Land and land improvements	81,000	-	70,000	-	-	21,010	376,800	120,750	143,000	625,939
Buildings and improvements	13,918,470	1,535,913	6,296,982	17,612,865	1,459,126	721,825	5,245,909	10,674,228	9,742,427	7,288,174
Furniture, fixtures and equipment	115,414	144,345	221,483	805,784	-	20,727	77,975	277,681	353,767	270,302
	14,114,884	1,680,258	6,588,465	18,418,649	1,459,126	763,562	5,700,684	11,072,659	10,239,194	8,184,415
Less - accumulated depreciation	837,636	474,322	5,613,645	10,721,464	492,456	230,706	1,645,032	8,823,963	8,634,936	3,894,800
Net property and equipment	13,277,248	1,205,936	974,820	7,697,185	966,670	532,856	4,055,652	2,248,696	1,604,258	4,289,615
Total assets	\$ 14,983,794	\$ 4,439,189	\$ 2,288,190	\$ 10,114,630	\$ 1,436,479	\$ 649,594	\$ 4,349,520	\$ 3,976,058	\$ 3,090,397	\$ 4,718,945
<b>Liabilities and Net Assets</b>										
Current Liabilities:										
Current portion of notes payable	\$ 18,172	\$ -	\$ 37,783	\$ 266,588	\$ 23,611	\$ -	\$ 48,427	\$ 47,381	\$ -	\$ 49,835
Current portion of contingent debt and deferred interest	56,985	-	244,390	-	-	-	49,773	-	287,116	-
Current portion of due to affiliates	6,055	8,500	-	-	-	-	-	-	-	12,058
Current portion of lease liability	-	-	-	-	-	-	-	-	-	-
Current portion of accounts payable and accrued expenses	31,365	140,813	109,821	359,568	6,121	37,703	93,633	157,840	154,548	71,444
Total current liabilities	112,577	149,313	391,994	626,156	29,732	37,703	191,833	205,221	441,664	133,337
Long-term Liabilities:										
Accounts payable and accrued expenses, net of current portion	106,184	-	-	-	-	-	-	-	-	-
Notes payable, net of current portion and unamortized debt issuance costs	4,461,706	-	2,854,530	12,590,905	139,467	-	1,346,411	1,606,039	-	538,350
Lease liability, net	-	-	-	-	-	-	-	-	-	-
Due to affiliates, net of current portion	974,895	-	-	-	-	-	90,439	-	-	-
Total long-term liabilities	5,542,785	-	2,854,530	12,590,905	139,467	-	1,436,850	1,606,039	-	538,350
Contingent Debt and Deferred Interest, net of current portion	2,021,112	-	494,083	-	619,434	532,405	2,987,469	-	1,457,687	7,037,852
Total liabilities	7,676,474	149,313	3,740,607	13,217,061	788,633	570,108	4,616,152	1,811,260	1,899,351	7,709,539
Net Assets:										
Without donor restrictions:										
Operating	286,775	1,641,248	59,219	(27,932)	367,104	53,902	(44,924)	926,873	883,657	45,645
Property and equipment	7,020,545	2,648,628	(1,511,636)	(3,074,499)	280,742	25,584	(221,708)	1,237,925	307,389	(3,036,239)
Total without donor restrictions	7,307,320	4,289,876	(1,452,417)	(3,102,431)	647,846	79,486	(266,632)	2,164,798	1,191,046	(2,990,594)
Total net assets	7,307,320	4,289,876	(1,452,417)	(3,102,431)	647,846	79,486	(266,632)	2,164,798	1,191,046	(2,990,594)
Total liabilities and net assets	\$ 14,983,794	\$ 4,439,189	\$ 2,288,190	\$ 10,114,630	\$ 1,436,479	\$ 649,594	\$ 4,349,520	\$ 3,976,058	\$ 3,090,397	\$ 4,718,945

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Rental Properties - Continued  
December 31, 2023  
(With Summarized Comparative Totals as of December 31, 2022)

	2023									2022
Assets	Brunswick Holborn Two LP	Columbia Wood Two LP	Dudley Village North LP	Dudley Village South LP	Quincy Heights LP	Cottage Brook Apartments LP	Dudley Terrace Apartments LLC	Indigo Properties	Total	Total
Current Assets:										
Cash and cash equivalents	\$ 110,205	\$ 118,549	\$ 175,017	\$ 127,658	\$ 1,971,097	\$ 1,921,727	\$ 1,359,649	\$ 247,670	\$ 11,052,288	\$ 9,875,219
Tenant and other receivables, net of valuation allowance	68,914	69,949	16,622	27,390	81,469	128,925	35,627	126,964	1,086,292	1,082,218
Current portion of escrows and restricted deposits	87,579	87,113	54,622	55,624	403,758	83,532	94,569	-	1,474,416	1,232,714
Due from affiliates	-	-	-	-	-	192,843	-	7,477	272,464	200,320
Prepaid expenses and other current assets	13,985	13,285	8,952	8,168	241,109	202,851	76,210	1,673	846,419	746,516
Total current assets	280,683	288,896	255,213	218,840	2,697,433	2,529,878	1,566,055	383,784	14,731,879	13,136,987
Other Assets:										
Escrows and restricted deposits, net of current portion	728,036	570,250	330,597	245,077	2,639,224	3,072,803	1,116,486	3,246,959	18,612,501	16,219,093
Right-of-use asset	-	-	131,102	278,255	-	-	-	-	409,357	411,232
Capitalized costs, net	-	-	-	79,621	65,879	50,400	18,927	313,055	547,576	236,229
Total other assets	728,036	570,250	461,699	602,953	2,705,103	3,123,203	1,135,413	3,560,014	19,569,434	16,866,554
Property and Equipment:										
Land and land improvements	927,842	987,282	990,691	105,576	1,814,973	3,858,716	906,663	1,918,403	12,948,645	12,960,463
Buildings and improvements	12,142,593	12,252,381	8,198,205	9,813,223	48,847,213	54,553,613	10,314,218	8,367,917	238,985,282	237,827,136
Furniture, fixtures and equipment	343,190	370,665	134,884	121,181	1,178,651	705,893	418,407	-	5,560,349	5,157,133
	13,413,625	13,610,328	9,323,780	10,039,980	51,840,837	59,118,222	11,639,288	10,286,320	257,494,276	255,944,732
Less - accumulated depreciation	5,378,863	5,549,523	3,244,778	3,919,555	13,412,357	10,365,079	771,099	499,294	84,509,508	77,679,603
Net property and equipment	8,034,762	8,060,805	6,079,002	6,120,425	38,428,480	48,753,143	10,868,189	9,787,026	172,984,768	178,265,129
Total assets	\$ 9,043,481	\$ 8,919,951	\$ 6,795,914	\$ 6,942,218	\$ 43,831,016	\$ 54,406,224	\$ 13,569,657	\$ 13,730,824	\$ 207,286,081	\$ 208,268,670
Liabilities and Net Assets										
Current Liabilities:										
Current portion of notes payable	\$ 82,471	\$ 94,856	\$ 30,904	\$ 36,090	\$ 602,180	\$ 814,870	\$ 107,766	\$ -	\$ 2,260,934	\$ 2,158,590
Current portion of contingent debt and deferred interest	75,143	256,886	-	-	1,027,159	1,426,113	235,806	-	3,659,371	3,734,695
Current portion of due to affiliates	-	-	-	-	228,952	35,000	308,014	359,076	957,655	147,745
Current portion of lease liability	-	-	3,300	1,300	-	-	-	-	4,600	4,574
Current portion of accounts payable and accrued expenses	215,379	179,491	156,093	173,096	409,392	330,456	151,548	15,488	2,793,799	2,249,351
Total current liabilities	372,993	531,233	190,297	210,486	2,267,683	2,606,439	803,134	374,564	9,676,359	8,294,955
Long-term Liabilities:										
Accounts payable and accrued expenses, net of current portion	-	-	-	-	-	-	-	-	106,184	707,233
Notes payable, net of current portion and unamortized debt issuance costs	1,570,975	1,810,802	961,435	1,270,532	12,057,484	15,040,554	4,829,463	10,783,527	71,862,180	73,594,455
Lease liability, net	-	-	127,802	276,955	-	-	-	-	404,757	406,658
Due to affiliates, net of current portion	-	-	155,979	-	-	-	-	477,136	1,698,449	1,739,717
Total long-term liabilities	1,570,975	1,810,802	1,245,216	1,547,487	12,057,484	15,040,554	4,829,463	11,260,663	74,071,570	76,448,063
Contingent Debt and Deferred Interest, net of current portion	6,262,251	4,920,656	7,113,363	8,037,312	7,969,293	17,030,302	4,668,918	-	71,152,137	71,106,136
Total liabilities	8,206,219	7,262,691	8,548,876	9,795,285	22,294,460	34,677,295	10,301,515	11,635,227	154,900,066	155,849,154
Net Assets:										
Without donor restrictions:										
Operating	(92,310)	(242,337)	64,916	8,354	429,750	(76,561)	762,921	(445,911)	4,600,389	4,842,032
Property and equipment	929,572	1,899,597	(1,817,878)	(2,861,421)	21,106,806	19,805,490	2,505,221	2,541,508	47,785,626	47,577,484
Total without donor restrictions	837,262	1,657,260	(1,752,962)	(2,853,067)	21,536,556	19,728,929	3,268,142	2,095,597	52,386,015	52,419,516
Total net assets	837,262	1,657,260	(1,752,962)	(2,853,067)	21,536,556	19,728,929	3,268,142	2,095,597	52,386,015	52,419,516
Total liabilities and net assets	\$ 9,043,481	\$ 8,919,951	\$ 6,795,914	\$ 6,942,218	\$ 43,831,016	\$ 54,406,224	\$ 13,569,657	\$ 13,730,824	\$ 207,286,081	\$ 208,268,670

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Financial Position - Rental Properties  
December 31, 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	150 Magnolia LP
<b>Assets</b>										
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	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-
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
<b>Liabilities and Net Assets</b>										
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
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

	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
<b>Assets</b>									
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
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
Current portion of escrows and restricted deposits	20,636	41,880	51,736	52,735	279,158	126,395	89,914	-	1,232,714
Due from affiliates	-	-	-	-	-	192,843	-	7,477	200,320
Prepaid expenses and other current assets	59,931	55,308	7,436	7,221	172,983	167,633	53,670	240	746,516
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
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
Right-of-use asset	-	-	131,703	279,529	-	-	-	-	411,232
Capitalized costs, net	-	-	1,047	81,188	76,859	56,700	20,435	-	236,229
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
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
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
Furniture, fixtures and equipment	322,450	286,787	100,456	92,263	1,178,651	705,893	418,407	-	5,157,133
	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
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
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
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
<b>Liabilities and Net Assets</b>									
Current Liabilities:									
Current portion of notes payable	\$ 77,710	\$ 89,390	\$ 29,861	\$ 33,903	\$ 588,560	\$ 783,606	\$ 104,728	\$ -	\$ 2,158,590
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
Current portion of due to affiliates	-	-	-	-	49,006	15,000	-	69,721	147,745
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
Total current liabilities	421,702	444,199	261,796	206,259	2,061,410	2,388,439	445,779	69,721	8,294,955
Long-term Liabilities:									
Accounts payable and accrued expenses, net of current portion	-	-	-	-	-	-	-	61,198	707,233
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
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
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
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
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
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
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
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
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
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

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Properties  
For the Year Ended December 31, 2023  
(With Summarized Comparative Totals for the Year Ended December 31, 2022)

	2023									
	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	150 Magnolia LP
<b>Net Assets Without Donor Restrictions:</b>										
Operating revenues:										
Rental income, net	\$ 267,210	\$ 1,952,046	\$ 1,261,926	\$ 2,685,232	\$ 93,536	\$ 90,490	\$ 396,056	\$ 2,134,066	\$ 2,242,693	\$ 562,366
Interest income and other	939	56,109	32,813	42,691	1,430	1,951	8,359	48,011	1,347	61,077
Total operating revenues	268,149	2,008,155	1,294,739	2,727,923	94,966	92,441	404,415	2,182,077	2,244,040	623,443
Operating expenses:										
Personnel and related costs:										
Consulting and contract labor	-	203,429	121,337	422,650	-	11,062	51,520	198,798	198,220	57,020
Occupancy:										
Interest	277,133	-	179,836	523,894	1,950	-	61,998	91,246	-	31,419
Contracted services	-	73,478	195,247	440,891	-	31,559	41,837	206,675	313,477	92,814
Utilities	12,700	151,961	110,954	239,321	-	6,453	43,104	216,658	147,214	98,131
Real estate taxes	19,061	45,608	54,343	162,009	-	9,473	58,099	89,587	99,313	31,724
Repairs and maintenance	53,771	199,549	87,396	300,204	-	27,465	47,007	146,567	208,531	36,883
Insurance	26,302	72,203	37,841	104,342	-	5,511	13,549	45,244	52,312	23,903
Rent	-	-	-	-	-	-	-	-	-	-
Total occupancy	388,967	542,799	665,617	1,770,661	1,950	80,461	265,594	795,977	820,847	314,874
Other:										
Professional fees	41,263	19,194	33,450	60,558	-	8,600	8,655	34,459	38,724	14,261
Management fees	-	77,746	33,350	117,025	-	3,249	15,206	76,799	56,580	12,500
Office	-	64,733	19,367	84,209	-	2,016	5,504	32,920	30,515	8,943
Bad debts	-	8,392	3,409	39,472	-	-	-	65,350	42,302	52,594
Miscellaneous	5,474	7,413	2,571	20,196	-	27	820	15,837	6,350	3,455
Tenant services	-	12,000	17,943	174,271	-	-	4,855	76,692	78,741	-
Total other	46,737	189,478	110,090	495,731	-	13,892	35,040	302,057	253,212	91,753
Total operating expenses	435,704	935,706	897,044	2,689,042	1,950	105,415	352,154	1,296,832	1,272,279	463,647
Changes in net assets without donor restrictions from operations before depreciation and amortization	(167,555)	1,072,449	397,695	38,881	93,016	(12,974)	52,261	885,245	971,761	159,796
Depreciation and amortization	362,948	58,468	256,886	463,149	36,479	21,933	155,930	409,311	388,919	193,810
Changes in net assets without donor restrictions from operations	(530,503)	1,013,981	140,809	(424,268)	56,537	(34,907)	(103,669)	475,934	582,842	(34,014)
Non-operating revenues (expenses):										
Forgiveness of related party advances	-	-	-	-	-	-	-	-	-	-
Incentive and supplemental management fees	(6,192)	-	(30,000)	-	-	-	-	(245,488)	(155,195)	(53,858)
Deferred interest	(78)	-	(78,284)	-	(12,582)	-	(50,448)	-	(128,911)	(295,884)
Total non-operating revenues (expenses)	(6,270)	-	(108,284)	-	(12,582)	-	(50,448)	(245,488)	(284,106)	(349,742)
Changes in net assets without donor restrictions	\$ (536,773)	\$ 1,013,981	\$ 32,525	\$ (424,268)	\$ 43,955	\$ (34,907)	\$ (154,117)	\$ 230,446	\$ 298,736	\$ (383,756)

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Properties - Continued  
For the Year Ended December 31, 2023  
(With Summarized Comparative Totals for the Year Ended December 31, 2022)

	2023								2022	
	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	\$ 1,111,485	\$ 1,272,669	\$ 593,941	\$ 586,823	\$ 5,326,949	\$ 5,639,990	\$ 1,294,558	\$ 497,253	\$ 28,009,289	\$ 25,785,606
Interest income and other	55,783	101,247	18,115	13,219	193,793	89,863	9,320	-	736,067	258,937
Total operating revenues	<u>1,167,268</u>	<u>1,373,916</u>	<u>612,056</u>	<u>600,042</u>	<u>5,520,742</u>	<u>5,729,853</u>	<u>1,303,878</u>	<u>497,253</u>	<u>28,745,356</u>	<u>26,044,543</u>
Operating expenses:										
Personnel and related costs:										
Consulting and contract labor	<u>118,117</u>	<u>112,075</u>	<u>74,880</u>	<u>83,605</u>	<u>471,226</u>	<u>569,549</u>	<u>172,421</u>	<u>38,005</u>	<u>2,903,914</u>	<u>2,715,163</u>
Occupancy:										
Interest	104,154	119,417	33,932	69,315	370,630	713,558	172,118	354,147	3,104,747	2,958,255
Contracted services	171,104	131,805	84,486	111,955	305,974	531,656	208,663	-	2,941,621	2,514,323
Utilities	150,239	138,080	68,897	54,443	382,500	431,042	114,552	31,341	2,397,590	2,354,056
Real estate taxes	55,087	77,123	50,525	49,899	279,840	321,940	71,335	78,464	1,553,430	1,336,065
Repairs and maintenance	27,358	20,738	82,396	57,095	173,084	42,272	110,462	7,963	1,628,741	1,242,610
Insurance	75,977	70,990	25,967	24,895	221,279	213,277	96,502	-	1,110,094	927,813
Rent	5,114	3,744	5,644	7,354	-	-	-	-	21,856	22,288
Total occupancy	<u>589,033</u>	<u>561,897</u>	<u>351,847</u>	<u>374,956</u>	<u>1,733,307</u>	<u>2,253,745</u>	<u>773,632</u>	<u>471,915</u>	<u>12,758,079</u>	<u>11,355,410</u>
Other:										
Professional fees	52,557	45,901	31,610	25,297	70,742	43,854	37,987	-	567,112	308,709
Management fees	45,620	47,281	20,700	22,597	313,004	167,132	39,041	86,201	1,134,031	1,036,350
Office	34,331	14,433	18,755	12,217	100,447	55,080	21,243	9,853	514,566	502,850
Bad debts	59,230	81,342	21,605	23,176	-	122,746	8,994	-	528,612	178,599
Miscellaneous	3,298	1,147	1,820	1,651	55,458	61,231	13,780	516	201,044	233,879
Tenant services	26,400	26,400	14,415	15,436	108,273	65,470	-	-	620,896	614,857
Total other	<u>221,436</u>	<u>216,504</u>	<u>108,905</u>	<u>100,374</u>	<u>647,924</u>	<u>515,513</u>	<u>121,045</u>	<u>96,570</u>	<u>3,566,261</u>	<u>2,875,244</u>
Total operating expenses	<u>928,586</u>	<u>890,476</u>	<u>535,632</u>	<u>558,935</u>	<u>2,852,457</u>	<u>3,338,807</u>	<u>1,067,098</u>	<u>606,490</u>	<u>19,228,254</u>	<u>16,945,817</u>
Changes in net assets without donor restrictions from operations before depreciation and amortization	238,682	483,440	76,424	41,107	2,668,285	2,391,046	236,780	(109,237)	9,517,102	9,098,726
Depreciation and amortization	<u>331,868</u>	<u>339,888</u>	<u>232,942</u>	<u>266,661</u>	<u>1,330,930</u>	<u>1,489,246</u>	<u>311,784</u>	<u>263,699</u>	<u>6,914,851</u>	<u>6,537,030</u>
Changes in net assets without donor restrictions from operations	<u>(93,186)</u>	<u>143,552</u>	<u>(156,518)</u>	<u>(225,554)</u>	<u>1,337,355</u>	<u>901,800</u>	<u>(75,004)</u>	<u>(372,936)</u>	<u>2,602,251</u>	<u>2,561,696</u>
Non-operating revenues (expenses):										
Forgiveness of related party advances	-	-	-	-	-	-	-	-	-	436,490
Incentive and supplemental management fees	-	-	-	-	(134,391)	(6,150)	-	-	(631,274)	(564,994)
Deferred interest	(180,660)	(138,981)	(313,970)	(420,293)	-	(460,365)	(108,984)	-	(2,189,440)	(2,173,827)
Total non-operating revenues (expenses)	<u>(180,660)</u>	<u>(138,981)</u>	<u>(313,970)</u>	<u>(420,293)</u>	<u>(134,391)</u>	<u>(466,515)</u>	<u>(108,984)</u>	<u>-</u>	<u>(2,820,714)</u>	<u>(2,302,331)</u>
Changes in net assets without donor restrictions	<u>\$ (273,846)</u>	<u>\$ 4,571</u>	<u>\$ (470,488)</u>	<u>\$ (645,847)</u>	<u>\$ 1,202,964</u>	<u>\$ 435,285</u>	<u>\$ (183,988)</u>	<u>\$ (372,936)</u>	<u>\$ (218,463)</u>	<u>\$ 259,365</u>

DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statement of Activities - Rental Properties  
For the Year Ended December 31, 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
<b>Net Assets Without Donor Restrictions:</b>											
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 related party advances	436,490	-	-	-	-	-	-	-	-	-	-
Incentive and supplemental management fees	-	-	(30,000)	-	-	-	-	(238,166)	(160,379)	-	-
Deferred interest	-	-	(98,309)	-	(13,314)	-	(49,875)	-	(140,629)	-	(283,708)
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

	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
<b>Net Assets Without Donor Restrictions:</b>									
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
Interest income and other	16,019	18,737	5,004	3,637	84,163	31,271	729	-	258,937
Total operating revenues	<u>1,056,261</u>	<u>1,077,422</u>	<u>553,434</u>	<u>575,555</u>	<u>5,237,639</u>	<u>5,388,834</u>	<u>1,120,610</u>	<u>-</u>	<u>26,044,543</u>
Operating expenses:									
Personnel and related costs:									
Consulting and contract labor	<u>109,057</u>	<u>97,213</u>	<u>60,411</u>	<u>61,793</u>	<u>514,402</u>	<u>496,156</u>	<u>208,179</u>	<u>13,628</u>	<u>2,715,163</u>
Occupancy:									
Interest	108,662	124,593	35,003	71,558	383,719	733,809	229,384	354,110	2,958,255
Contracted services	117,239	132,474	60,092	75,967	392,648	449,677	230,821	-	2,514,323
Utilities	110,674	139,739	63,013	56,178	374,244	398,869	91,640	32,467	2,354,056
Real estate taxes	44,843	73,329	46,362	48,280	272,925	207,865	70,815	42,536	1,336,065
Repairs and maintenance	28,838	24,936	31,313	34,875	240,493	70,769	76,118	5,516	1,242,610
Insurance	70,628	66,384	21,589	20,688	178,381	199,825	63,398	-	927,813
Rent	4,965	3,744	5,375	7,004	-	-	-	-	22,288
Total occupancy	<u>485,849</u>	<u>565,199</u>	<u>262,747</u>	<u>314,550</u>	<u>1,842,410</u>	<u>2,060,814</u>	<u>762,176</u>	<u>434,629</u>	<u>11,355,410</u>
Other:									
Professional fees	23,977	20,318	15,305	13,274	36,264	51,293	22,753	-	308,709
Management fees	42,857	43,917	18,000	19,650	296,974	155,182	33,824	57,550	1,036,350
Office	35,600	19,309	12,186	11,497	72,570	94,572	26,707	3,164	502,850
Bad debts	11,694	25,766	7,594	27,019	-	40,111	7,243	-	178,599
Miscellaneous	7,105	339	1,487	2,712	71,865	20,920	59,739	18,927	233,879
Tenant services	26,400	26,400	15,213	14,986	109,003	67,782	-	-	614,857
Total other	<u>147,633</u>	<u>136,049</u>	<u>69,785</u>	<u>89,138</u>	<u>586,676</u>	<u>429,860</u>	<u>150,266</u>	<u>79,641</u>	<u>2,875,244</u>
Total operating expenses	<u>742,539</u>	<u>798,461</u>	<u>392,943</u>	<u>465,481</u>	<u>2,943,488</u>	<u>2,986,830</u>	<u>1,120,621</u>	<u>527,898</u>	<u>16,945,817</u>
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
Depreciation and amortization	<u>331,868</u>	<u>339,888</u>	<u>236,952</u>	<u>265,137</u>	<u>1,334,938</u>	<u>1,501,071</u>	<u>302,786</u>	<u>239,495</u>	<u>6,537,030</u>
Changes in net assets without donor restrictions from operations	<u>(18,146)</u>	<u>(60,927)</u>	<u>(76,461)</u>	<u>(155,063)</u>	<u>959,213</u>	<u>900,933</u>	<u>(302,797)</u>	<u>(767,393)</u>	<u>2,561,696</u>
Non-operating revenues (expenses):									
Forgiveness of related party advances	-	-	-	-	-	-	-	-	436,490
Incentive and supplemental management fees	-	-	-	-	(130,478)	(5,971)	-	-	(564,994)
Deferred interest	(177,656)	(139,496)	(301,746)	(395,332)	-	(475,598)	(98,164)	-	(2,173,827)
Total non-operating revenues (expenses)	<u>(177,656)</u>	<u>(139,496)</u>	<u>(301,746)</u>	<u>(395,332)</u>	<u>(130,478)</u>	<u>(481,569)</u>	<u>(98,164)</u>	<u>-</u>	<u>(2,302,331)</u>
Changes in net assets without donor restrictions	<u>\$ (195,802)</u>	<u>\$ (200,423)</u>	<u>\$ (378,207)</u>	<u>\$ (550,395)</u>	<u>\$ 828,735</u>	<u>\$ 419,364</u>	<u>\$ (400,961)</u>	<u>\$ (767,393)</u>	<u>\$ 259,365</u>



DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statements of Changes in Net Assets - Rental Properties  
For the Years Ended December 31, 2023 and 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
<b>Net Assets</b> , 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)	-	-	-	-	-	-	-	-	-	-
<b>Net Assets</b> , December 31, 2022	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)
Changes in net assets	(536,773)	1,013,981	32,525	(424,268)	43,955	(34,907)	(154,117)	230,446	298,736	-	(383,756)
Capital contributions	1,130,026	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	(253,287)	-	-	-	(631,835)	(471,720)	-	-
<b>Net Assets</b> , December 31, 2023	<u>\$ 7,307,320</u>	<u>\$ 4,289,876</u>	<u>\$ (1,452,417)</u>	<u>\$ (3,102,431)</u>	<u>\$ 647,846</u>	<u>\$ 79,486</u>	<u>\$ (266,632)</u>	<u>\$ 2,164,798</u>	<u>\$ 1,191,046</u>	<u>\$ -</u>	<u>\$ (2,990,594)</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, 2023 and 2022

	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
<b>Net Assets, December 31, 2021</b>	\$ 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)
<b>Net Assets, December 31, 2022</b>	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
Changes in net assets	(273,846)	4,571	(470,488)	(645,847)	1,202,964	435,285	(183,988)	(372,936)	(218,463)
Capital contributions	-	-	-	-	-	-	807,139	291,364	2,228,529
Distributions	-	-	-	-	(686,725)	-	-	-	(2,043,567)
<b>Net Assets, December 31, 2023</b>	<u>\$ 837,262</u>	<u>\$ 1,657,260</u>	<u>\$ (1,752,962)</u>	<u>\$ (2,853,067)</u>	<u>\$ 21,536,556</u>	<u>\$ 19,728,929</u>	<u>\$ 3,268,142</u>	<u>\$ 2,095,597</u>	<u>\$ 52,386,015</u>

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statements of Financial Position - Loan Programs  
December 31, 2023 and 2022

Assets	2023					2022			
	Loan Programs					Loan Programs			
	DBEDC	DBNLF	BHSC	Eliminations	Total	DBEDC	DBNLF	BHSC	Total
Current Assets:									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,122	\$ -	\$ 43,122
Grants receivable	-	154,967	-	-	154,967	-	299,940	-	299,940
Tenant and other receivables, net of allowance for doubtful accounts	-	-	21,203	-	21,203	-	-	-	-
Current portion of due from affiliates	507,386	(614,394)	113,063	-	6,055	534,073	(528,018)	-	6,055
Current portion of notes and interest receivable, net of allowance for credit losses of \$128,593	-	454,761	90,617	-	545,378	-	206,306	5,894	212,200
Total current assets	507,386	(4,666)	224,883	-	727,603	534,073	21,350	5,894	561,317
Other Assets:									
Escrows and restricted deposits	-	712,117	388,155	-	1,100,272	-	905,892	491,667	1,397,559
Notes and interest receivable, net of current portion and allowance for credit losses and doubtful accounts of \$250,385 and \$297,966 as of December 31, 2023 and 2022, respectively	-	1,409,418	359,816	-	1,769,234	-	512,340	73,816	586,156
Due from affiliates, net	-	(640,187)	-	640,187	-	-	-	-	-
Total other assets	-	1,481,348	747,971	640,187	2,869,506	-	1,418,232	565,483	1,983,715
Total assets	\$ 507,386	\$ 1,476,682	\$ 972,854	\$ 640,187	\$ 3,597,109	\$ 534,073	\$ 1,439,582	\$ 571,377	\$ 2,545,032
<b>Liabilities and Net Assets</b>									
Current Liabilities:									
Current portion of notes payable	\$ -	\$ 110,046	\$ -	\$ -	\$ 110,046	\$ -	\$ 140,863	\$ -	\$ 140,863
Accounts payable and accrued expenses	-	9,343	-	-	9,343	-	-	-	-
Total current liabilities	-	119,389	-	-	119,389	-	140,863	-	140,863
Long-term Liabilities:									
Notes payable, net of current portion and unamortized debt issuance costs	1,500,000	212,408	-	-	1,712,408	1,500,000	277,328	-	1,777,328
Contingent Debt and Deferred Interest	8,800	45,000	-	-	53,800	8,800	45,000	-	53,800
Total liabilities	1,508,800	376,797	-	-	1,885,597	1,508,800	463,191	-	1,971,991
Net Assets:									
Without donor restrictions:									
Operating	(1,001,414)	1,099,885	(79,806)	640,187	658,852	(974,727)	670,749	(67,203)	(371,181)
With donor restrictions	-	-	1,052,660	-	1,052,660	-	305,642	638,580	944,222
Total net assets	(1,001,414)	1,099,885	972,854	640,187	1,711,512	(974,727)	976,391	571,377	573,041
Total liabilities and net assets	\$ 507,386	\$ 1,476,682	\$ 972,854	\$ 640,187	\$ 3,597,109	\$ 534,073	\$ 1,439,582	\$ 571,377	\$ 2,545,032

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statements of Activities - Loan Programs  
For the Years Ended December 31, 2023 and 2022

	2023					2022			
	Loan Programs					Loan Programs			
	DBEDC	DBNLF	BHSC	Eliminations	Total	DBEDC	DBNLF	BHSC	Total
<b>Net Assets Without Donor Restrictions:</b>									
Operating revenues:									
Support:									
Grants, contracts and contributions	\$ -	\$ 1,496,560	\$ -	\$ -	\$ 1,496,560	\$ -	\$ 733,990	\$ -	\$ 733,990
Net assets released from purpose restrictions	-	305,642	-	-	305,642	-	440,158	-	440,158
Total support	-	1,802,202	-	-	1,802,202	-	1,174,148	-	1,174,148
Fee income and other:									
Interest income and other	-	134,772	-	-	134,772	-	46,933	-	46,933
Resident and program service fees	-	45,456	-	-	45,456	-	5,681	-	5,681
Total fee income and other	-	180,228	-	-	180,228	-	52,614	-	52,614
Total operating revenues	-	1,982,430	-	-	1,982,430	-	1,226,762	-	1,226,762
Operating expenses:									
Loan Programs	31,744	1,685,252	12,603	-	1,729,599	2,964	1,357,568	1,947	1,362,479
General and Administrative	21,160	1,004,028	8,401	-	1,033,589	957	364,843	629	366,429
Total operating expenses	52,904	2,689,280	21,004	-	2,763,188	3,921	1,722,411	2,576	1,728,908
Changes in net assets without donor restrictions from operations	(52,904)	(706,850)	(21,004)	-	(780,758)	(3,921)	(495,649)	(2,576)	(502,146)
Non-operating expense:									
Write-off on related party advances	(640,187)	-	-	640,187	-	-	-	-	-
Changes in net assets without donor restrictions	(693,091)	(706,850)	(21,004)	640,187	(780,758)	(3,921)	(495,649)	(2,576)	(502,146)
<b>Net Assets With Donor Restrictions:</b>									
Grants	-	-	414,043	-	414,043	-	288,718	23,277	311,995
Mortgage loan and bank interest	-	-	37	-	37	-	-	17	17
Net assets released from restrictions	-	(305,642)	-	-	(305,642)	-	(440,158)	-	(440,158)
Changes in net assets with donor restrictions	-	(305,642)	414,080	-	108,438	-	(151,440)	23,294	(128,146)
Changes in net assets	<u>\$ (693,091)</u>	<u>\$ (1,012,492)</u>	<u>\$ 393,076</u>	<u>\$ 640,187</u>	<u>\$ (672,320)</u>	<u>\$ (3,921)</u>	<u>\$ (647,089)</u>	<u>\$ 20,718</u>	<u>\$ (630,292)</u>

## DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION AND AFFILIATES

Supplementary Consolidating Statements of Changes in Net Assets - Loan Programs  
For the Years Ended December 31, 2023 and 2022

	Loan Programs				
	DBEDC	DBNLF	BHSC	Eliminations	Total
<b>Net Assets, December 31, 2021</b>	\$ (339,361)	\$ 1,258,637	\$ 550,030	\$ -	\$ 1,469,306
Changes in net assets	(3,921)	(647,089)	20,718	-	(630,292)
Net asset transfers	(631,445)	364,843	629	-	(265,973)
<b>Net Assets, December 31, 2022</b>	(974,727)	976,391	571,377	-	573,041
Changes in net assets	(693,091)	(1,012,492)	393,076	640,187	(672,320)
Cumulative effect of ASU adoption	-	131,958	-	-	131,958
Net asset transfers	666,404	1,004,028	8,401	-	1,678,833
<b>Net Assets, December 31, 2023</b>	<u>\$ (1,001,414)</u>	<u>\$ 1,099,885</u>	<u>\$ 972,854</u>	<u>\$ 640,187</u>	<u>\$ 1,711,512</u>