



DUDLEY STREET NEIGHBORHOOD INITIATIVE

Parent-Only Financial Statements
and
Auditors' Report
June 30, 2012 with Summarized Comparative Totals for 2011



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Dudley Street Neighborhood Initiative, Inc.

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Daniel Dennis & Company LLP

Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
Dudley Street Neighborhood Initiative, Inc.

We have audited the accompanying parent-only statement of financial position of Dudley Street Neighborhood Initiative, Inc. (DSNI) as of June 30, 2012, and the related parent-only statements of activities, functional expenses, and cash flows for the year then ended. These parent-only financial statements are the responsibility of DSNI's management. Our responsibility is to express an opinion on these parent-only financial statements based on our audit. The prior year summarized comparative information has been derived from DSNI's parent-only 2011 financial statements and, in our report dated January 2, 2012, we expressed an unqualified opinion on those parent-only financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the parent-only financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DSNI's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the parent-only financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying parent-only financial statements were prepared for the purpose of permitting the board of directors and management of DSNI to evaluate it as an individual entity. Accordingly, the parent-only financial statements exclude the accounts of DSNI's subsidiary organization and are not intended to be a complete presentation of DSNI's financial position, changes in net assets, or changes in cash flows.

In our opinion, the parent-only financial statements referred to above, present fairly in all material respects, the parent-only financial position of DSNI as of June 30, 2012, and the changes in its parent-only net assets and its parent-only cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the board of directors and management of DSNI and is not intended to be and should not be used by anyone other than these specified parties.

David Lewis & Company Ltd

November 30, 2012

Dudley Street Neighborhood Initiative, Inc.
Parent-Only Statement of Financial Position
June 30, 2012 with Comparative Totals for 2011

	<i>2012</i>	<i>2011</i>
<i>Assets</i>		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 64,689	\$ 200,128
Cash restricted for collateral	25,000	58,114
Cash held for specific organizations	18,949	26,729
Accounts receivable (net of allowance of \$3,456)	500	4,322
Grants and contributions receivable	19,450	225,562
Grants and contributions receivable - noncash	15,500	-
Investments	323	323
Prepaid expenses	<u>8,386</u>	<u>10,839</u>
Total current assets	<u>152,797</u>	<u>526,017</u>
<i>Non-Current Assets:</i>		
Due from related entity (DNI)	420,221	320,399
Homeowner assistance loans receivable	12,500	26,634
Interest receivable	<u>639</u>	<u>568</u>
Total non-current assets	<u>433,360</u>	<u>347,601</u>
<i>Property and Equipment:</i>		
Furniture and equipment	153,329	133,948
Less: accumulated depreciation	<u>(107,637)</u>	<u>(84,051)</u>
Net fixed assets	<u>45,692</u>	<u>49,897</u>
<i>Other Assets:</i>		
Intangible assets, net	<u>4,994</u>	<u>-</u>
Total assets	<u>\$ 636,843</u>	<u>\$ 923,515</u>
<i>Liabilities and Net Assets</i>		
<i>Current Liabilities:</i>		
Accounts payable and accrued expenses	\$ 79,734	\$ 206,966
Accrued interest	8,114	8,114
Capital lease obligation - current	1,835	4,546
Designated by donor for specific organizations	19,449	26,729
Loan payable	<u>50,000</u>	<u>50,000</u>
Total current liabilities	<u>159,132</u>	<u>296,355</u>
<i>Long-Term Debt</i>		
Capital lease obligation	<u>12,301</u>	<u>14,135</u>
Total liabilities	<u>171,433</u>	<u>310,490</u>
<i>Net Assets:</i>		
Unrestricted	394,910	285,608
Temporarily restricted	<u>70,500</u>	<u>327,417</u>
Total net assets	<u>465,410</u>	<u>613,025</u>
Total liabilities and net assets	<u>\$ 636,843</u>	<u>\$ 923,515</u>

See accompanying notes to financial statements.

Dudley Street Neighborhood Initiative, Inc.
 Parent-Only Statement of Activities
 For the Year Ended June 30, 2012 with Summarized Comparative Totals for 2011

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>2012 Total</i>	<i>2011 Total</i>
<i>Revenue and Support</i>				
Contracts	\$ 14,687	\$ -	\$ 14,687	\$ -
Grants and contributions	559,666	552,223	1,111,889	779,553
Inkind donations	35,675	-	35,675	-
Special events	12,934	-	12,934	15,918
Fees	14,146	-	14,146	17,475
Interest and dividends	288	-	288	481
Other	9,277	-	9,277	9,988
Net assets released from restrictions	<u>809,140</u>	<u>(809,140)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>1,455,813</u>	<u>(256,917)</u>	<u>1,198,896</u>	<u>823,415</u>
<i>Expenses</i>				
<i>Program Services:</i>				
Economic Power	207,815	-	207,815	305,596
Resident Leadership	217,875	-	217,875	279,681
Youth Opportunities and Development	632,850	-	632,850	420,563
<i>Support Services:</i>				
Management and general	141,807	-	141,807	61,499
Fundraising	<u>146,064</u>	<u>-</u>	<u>146,064</u>	<u>51,516</u>
Total expenses	<u>1,346,411</u>	<u>-</u>	<u>1,346,411</u>	<u>1,118,855</u>
Change in net assets	109,402	(256,917)	(147,515)	(295,440)
Net assets, beginning of year	<u>285,608</u>	<u>327,417</u>	<u>613,025</u>	<u>908,465</u>
Net assets, end of year	<u><u>\$ 395,010</u></u>	<u><u>\$ 70,500</u></u>	<u><u>\$ 465,510</u></u>	<u><u>\$ 613,025</u></u>

See accompanying notes to financial statements.

Dudley Street Neighborhood Initiative, Inc.
Parent-Only Statement of Functional Expenses
For the Year Ended June 30, 2012 with Summarized Comparative Totals for 2011

	<i>Program Services</i>				<i>Supporting Services</i>		<i>2012 Total</i>	<i>2011 Total</i>
	<i>Economic Power</i>	<i>Resident Leadership</i>	<i>Youth Opportunity and Development</i>	<i>Total Program</i>	<i>Administration</i>	<i>Fundraising</i>		
Personnel	\$ 116,530	\$ 122,575	\$ 366,757	\$ 605,862	\$ 39,231	\$ 27,729	\$ 672,822	\$ 433,624
Payroll taxes	12,903	11,539	35,507	59,949	3,818	2,346	66,113	41,141
Employee benefits	22,447	19,089	54,700	96,236	7,271	5,360	108,867	52,074
Consulting	11,952	33,098	87,174	132,224	36,365	101,519	270,108	395,987
Auditing	-	-	-	-	20,838	-	20,838	7,255
Accounting	-	-	-	-	12,868	-	12,868	16,185
Office rent	11,312	9,649	27,785	48,746	3,724	2,865	55,335	55,335
Office maintenance and security	1,646	1,367	3,817	6,830	494	244	7,568	6,671
Supplies and materials	3,547	4,048	23,531	31,126	5,760	2,018	38,904	41,409
Equipment lease	217	48	546	811	87	201	1,099	422
Postage and shipping	816	677	1,865	3,358	233	103	3,694	5,891
Printing and reproduction	805	3,105	178	4,088	1,564	1,488	7,140	9,592
Telephone and communications	1,087	805	2,380	4,272	294	134	4,700	4,124
Technology	280	686	664	1,630	481	78	2,189	-
Travel, meetings and conferences	4,197	4,216	8,941	17,354	4,099	1,247	22,700	13,556
Grant expense	14,134	-	-	14,134	-	-	14,134	-
Interest expense	286	265	649	1,200	78	4	1,282	1,951
Depreciation and amortization	5,536	5,125	12,551	23,212	1,506	73	24,791	22,775
Bad debt expense	-	-	-	-	1,159	-	1,159	-
Other	120	1,583	5,805	7,508	1,937	655	10,100	10,863
Total	\$ 207,815	\$ 217,875	\$ 632,850	\$ 1,058,540	\$ 141,807	\$ 146,064	\$ 1,346,411	\$ 1,118,855

See accompanying notes to financial statements.

Dudley Street Neighborhood Initiative, Inc.
Parent-Only Statement of Cash Flows
For the Year Ended June 30, 2012 with Comparative Totals for 2011

	<i>2012</i>	<i>2011</i>
<i>Cash Flows From Operating Activities:</i>		
Change in net assets	\$ (147,615)	\$ (295,440)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	23,586	22,775
Amortization	1,205	-
Bad debt expense	1,159	-
Forgiveness of homeowners' loans (grants expense)	14,134	-
(Increase)/decrease in operating assets:		
Cash held for specific organizations	7,780	779
Cash restricted for collateral	33,114	-
Accounts receivable	2,663	16,791
Grants and contributions receivable	190,612	323,483
Interest receivable	(71)	(71)
Due from related entity (DNI)	(99,822)	(10,623)
Prepaid expenses	2,453	7,148
Increase/(decrease) in operating liabilities:		
Accounts payable and accrued expenses	(127,232)	116,586
Designated by donor for specific organizations	<u>(7,280)</u>	<u>(779)</u>
Net cash (used in) provided by operating activities	<u>(105,314)</u>	<u>180,649</u>
<i>Cash Flows From Investing Activities:</i>		
Purchase of property and equipment	(19,381)	(23,674)
Payments for website	<u>(6,199)</u>	<u>-</u>
Net cash used in investing activities	<u>(25,580)</u>	<u>(23,674)</u>
<i>Cash Flows From Financing Activities:</i>		
Principal payments on capital lease obligations	<u>(4,545)</u>	<u>(5,318)</u>
Net cash used in financing activities	<u>(4,545)</u>	<u>(5,318)</u>
Net (decrease) increase in cash and cash equivalents	<u>(135,439)</u>	<u>151,657</u>
Cash and cash equivalents, beginning of year	<u>200,128</u>	<u>48,471</u>
Cash and cash equivalents, end of year	<u><u>\$ 64,689</u></u>	<u><u>\$ 200,128</u></u>
<i>Supplemental Cash Flow Information</i>		
Interest paid	<u><u>\$ 1,282</u></u>	<u><u>\$ 1,951</u></u>

See accompanying notes to financial statements.

Dudley Street Neighborhood Initiative, Inc.
Notes to Parent-Only Financial Statements
June 30, 2012 with Comparative Totals for 2011

1. Organization

Dudley Street Neighborhood Initiative, Inc.'s (DSNI) mission is to empower Dudley residents of Roxbury, Massachusetts to organize, plan for, create and control a vibrant, diverse and high quality neighborhood in collaboration with community partners.

DSNI organized a subsidiary organization, Dudley Neighbors Incorporated (DNI), as a nonprofit tax-exempt neighborhood land trust corporation under Section 501(c)(3) of the Internal Revenue Code, to carry out the housing development component of DSNI's Comprehensive Master Plan guide to revitalize the Dudley Street neighborhood. DSNI has a controlling interest in DNI through its power to appoint voting members of DNI's 11-member board. DSNI has the ability to require that some of the voting members come from among its board. Three of DNI's voting board members at June 30, 2012 were also members of DSNI.

The accompanying parent-only financial statements do not include the accounts of DNI. The parent-only financial statements were prepared for the purpose of permitting the board of directors and management of DSNI to evaluate it as an individual entity. Accordingly, the parent-only financial statements are not intended to be a complete presentation of DSNI's financial position, changes in net assets, or changes in cash flows.

DSNI's major program services consist of the following:

- *Economic Power* - Includes all aspects of land use, physical development, affordable housing, and commercial and economic development.
- *Resident Leadership* - Includes the Resident Development Institute, the community process and comprehensive planning.
- *Youth Opportunities and Development* - Engages young people in the comprehensive planning process.

Each program depends on organizing to allow residents to participate in decision making, attract investments that facilitate development without displacement, and improve the quality of life for everyone involved.

Funding for DSNI is provided by government and foundation grants and contributions from the general public.

2. Summary of Significant Accounting Policies

Basis of Accounting

DSNI prepares its parent-only financial statements on the accrual basis of accounting. Accordingly, revenue is recorded when earned and expenses when goods are received or services rendered.

Dudley Street Neighborhood Initiative, Inc.
Notes to Parent-Only Financial Statements - *Continued*
June 30, 2012 with Comparative Totals for 2011

2. *Summary of Significant Accounting Policies - Continued*

Net Assets

DSNI's net assets are classified into three categories. The classifications are related to the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted Net Assets* - net assets that are not subject to donor-imposed stipulations. They are neither temporarily restricted nor permanently restricted.
- *Temporarily Restricted Net Assets* – net assets subject to donor imposed stipulations that may or will be satisfied through the actions of DSNI and/or the passage of time.
- *Permanently Restricted Net Assets* – net assets that that DSNI permanently maintain certain contributed assets. Permanent restrictions do not pass with the expiration of time, nor can they be removed through DSNI's actions. At June 30, 2012 and 2011, DSNI had no permanently restricted net assets.

Income Taxes

DSNI is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 180 of the Massachusetts General Laws. Unrelated business income, of which DSNI had none for fiscal years 2012 and 2009, would be subject to federal and state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

DSNI evaluates tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Tax positions not deemed to meet the “more-likely-than-not” threshold, along with accrued interest and penalties thereon, would be recorded as an expense in the financial statements. DSNI has evaluated the tax positions taken in its previously filed returns and those expected to be taken in its 2012 returns and believe they are more-likely-than-not of being sustained if examined by federal or state tax authorities. DSNI's 2009 through 2011 tax years remain subject to examination by federal and state tax authorities.

Cash and Cash Equivalents

For purposes of the parent-only statement of cash flows, DSNI considers all operating cash and all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents on the statement of cash flow does not include cash restricted for collateral or cash held for specific organizations.

Designated by Donor for Specific Organizations

Designated by donor for specific organizations represents assets accepted by DSNI that it agrees to use on the behalf of or transfer to another entity.

Dudley Street Neighborhood Initiative, Inc.
Notes to Parent-Only Financial Statements - *Continued*
June 30, 2012 with Comparative Totals for 2011

2. *Summary of Significant Accounting Policies - Continued*

Grants and Contributions

Grants and contributions are recognized when the donor makes a promise to give to DSNI that is, in substance, unconditional. Conditional grants and contributions are recognized when the conditions on which they depend are substantially met. Grants and contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the grants or contributions are recognized. All other donor-restricted grants and contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Conditional grants are recognized when the conditions on which they depended are substantially met.

DSNI uses the allowance method to determine uncollectible unconditional grants and contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Accounts Receivable

Accounts receivable are presented net of the allowance for doubtful accounts. DSNI's periodic evaluation of the adequacy of the allowance is based on its past loss experience. Accounts receivables are charged off when they are over 90 days past due.

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, DSNI reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. DSNI reclassifies temporarily restricted net assets to unrestricted net assets at that time. Purchased property and equipment are carried at cost. Property and equipment are depreciated using the straight-line method over their estimated useful lives. Repairs and maintenance are charged to operations. Betterments, renewals, and purchases of more than \$1,000 are capitalized. Depreciation expense was \$23,586 and \$22,775 for the years ended June 30, 2012 and 2011, respectively.

Dudley Street Neighborhood Initiative, Inc.
Notes to Parent-Only Financial Statements - *Continued*
June 30, 2012 with Comparative Totals for 2011

2. *Summary of Significant Accounting Policies - Continued*

Intangible Assets

Website development costs incurred in 2012 are being amortized on a straight-line basis over its estimated useful life of three years.

Amortization expense was \$1,206 for the year ended June 30, 2012.

Amortization expense for each year of the estimated remaining lives is estimated to be as follows:

<i>Year Ending</i>		<i>Amount</i>
<i>June 30,</i>		
2013	\$	2,067
2014		2,067
2015		<u>860</u>
Total	\$	<u>4,994</u>

Loans Receivable

Loans receivable are stated at unpaid principal balances, less allowance for loan losses. Interest on loans is recognized over the term of the loan and is calculated using the compound-interest method on the total principal and interest amounts outstanding.

Donated Materials, Facilities, and Services

DSNI receives donated goods and services in support of its programs. Donated materials, facilities and services are recorded at fair value. Donated services that (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated are recorded as contributions in the financial statements. Donated services such as fund-raising, clerical assistance or other volunteer efforts not requiring specialized skills are not recorded in the financial statements.

Fair Value Measurements

The Financial Accounting Standards Board (FASB) established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Dudley Street Neighborhood Initiative, Inc.
Notes to Parent-Only Financial Statements - *Continued*
June 30, 2012 with Comparative Totals for 2011

2. *Summary of Significant Accounting Policies - Continued*

Fair Value Measurements - Continued

The three levels of the fair value hierarchy are described below:

- Level 1 Inputs – Quoted prices for identical assets or liabilities in active markets;
- Level 2 Inputs – Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets in inactive markets; or inputs other than quoted prices that are observable, such as models or other valuation methodologies;
- Level 3 Inputs – Unobservable inputs for where there is little, if any, market activity.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Investments and Investment Income

Investments in marketable securities with readily determinable fair values are carried at their fair values based on quoted prices in active markets (all Level 1 measurements) in the Parent-Only Statement of Financial Position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying Parent-Only Statement of Activities.

Dividends, interest and gains and losses on investments are reported as increases or decreases in unrestricted net assets unless a donor or law temporarily or permanently restricts their use.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

During 2012 DSNI managed a multi-stakeholder group to create a proposal for the group to receive a Promise Neighborhood implementation grant from the U.S. Department of Education. This activity is reported as fundraising in the financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Dudley Street Neighborhood Initiative, Inc.
Notes to Parent-Only Financial Statements - *Continued*
June 30, 2012 with Comparative Totals for 2011

2. Summary of Significant Accounting Policies - Continued

Summarized Comparative Financial Statements

The parent-only financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with DSNI's parent-only financial statements for the year ended June 30, 2011, from which the summarized information was derived.

3. Designated by Donor for Specific Organizations

DSNI serves as a fiscal agent for the Ralph Waldo Emerson School (the School). At June 30, 2012 and 2011, \$18,949 and \$26,729, respectively, was being held for the School.

4. Grants and Contributions Receivable (Promises to Give)

Unconditional

At June 30, 2012 and 2011 there were no uncollectible grants or contributions and all outstanding unconditional grants and contributions were due within one year. Non-cash grants and contributions receivable represents a Youth Mentoring Ambassador supported by Mass Mentoring Partnership who will be assigned to DSNI between August 2012 and June 2013.

Conditional

Conditional promises to give at June 30, 2012 and 2011 consist of promises for:

<u>Purpose</u>	<u>2012</u>	<u>2011</u>
Economic Power	\$ 60,000	\$ -
Youth Opportunities and Development	1,500,000	31,142
General Operations	<u>61,250</u>	<u>-</u>
Total	<u>\$ 1,621,250</u>	<u>\$ 31,142</u>

The conditional promises to give will be recognized in the financial statements when the conditions on which they depend are substantially met.

5. Investments

Investments at June 30, 2012 and 2011 consist solely of equity securities. All investments are carried at fair market value based on level 1 measurements.

Dudley Street Neighborhood Initiative, Inc.
Notes to Parent-Only Financial Statements - *Continued*
June 30, 2012 with Comparative Totals for 2011

6. *Due from Related Party*

DSNI pays the payroll and benefits of DNI employees and bills DNI for these costs. DSNI also provides management services, office space and the use of office equipment to DNI for a nominal management fee of \$2,400 annually. At June 30, 2012 and 2011, \$420,221 and \$320,399, respectively, was owed to DSNI.

7. *Homeowner Assistance Loans*

Under its Economic Power program, DSNI makes loans to local income eligible residents purchasing a home that has been built on land owned by DNI. The loans are to assist with the down payment or closing costs associated with the home purchase. Under the terms of the loan, if the purchaser occupies the property in accordance with the terms of the DNI ground lease for a minimum of 10 years, the loan converts to a grant at the beginning of year 11. If the purchaser fails to occupy the property for the minimum 10-year period, payment of principal and interest, ranging from 0.5% to 5%, is due on demand. The loans are secured by the related real estate. At June 30, 2012 and 2011, outstanding homeowner assistance loans within the 10-year loan period totaled \$12,500 and \$26,634, respectively. In fiscal year 2012, \$14,133 of loans was converted to grants. No loans were converted to grants in fiscal year 2011.

8. *Lease Obligations*

Operating Lease

DSNI leases office space under a five-year operating lease, which expires in October 2014. Rent expense for the years ended June 30, 2012 and 2011 was \$55,335. Minimum rental payments for each of the next four years are as follows:

<i>Fiscal Year</i>	<i>Amount</i>
2013	\$ 55,335
2014	55,335
2015	<u>16,809</u>
Total	<u>\$ 127,479</u>

Capital Leases

DSNI leases office equipment under capital leases. Depreciation of these assets is recorded in depreciation expense.

Dudley Street Neighborhood Initiative, Inc.
Notes to Parent-Only Financial Statements - *Continued*
June 30, 2012 with Comparative Totals for 2011

8. Lease Obligations - Continued

Capital Leases - Continued

Future minimum payments over the remaining lease terms are as follows:

<i>Fiscal Year</i>	<i>Amount</i>
2013	\$ 3,000
2014	3,000
2015	3,000
2016	3,000
2017	3,000
2018	<u>2,461</u>
Total minimum lease payments	17,461
Less amount representing interest	<u>3,325</u>
Present value of minimum lease payments	<u>\$ 14,136</u>

9. Loan Payable

Loan payable at June 30, 2012 and 2011 represents a \$50,000 demand loan from the Riley Foundation. The loan is collateralized by a money market account and a certificate of deposit, respectively, in fiscal years 2012 and 2011. All interest earned on the collateral account is payable to the Riley Foundation. Accrued interest was \$8,114 at June 30, 2012 and 2011.

10. Line of Credit

At June 30, 2012, DSNI had an unused revolving line of credit in the amount of \$50,000 that accrued interest at rate based on the LIBOR and adjusts monthly. Any outstanding balance is due on demand. The line of credit and is collateralized by a \$25,000 certificate of deposit.

11. Net Assets

Temporarily restricted net assets at June 30, 2012 and 2011 were restricted for the following:

<u>Restrictions</u>	<u>2012</u>	<u>2011</u>
Economic Power	\$ -	\$ 53,759
Resident Leadership	-	5,583
Youth Opportunity and Development	<u>70,500</u>	<u>268,075</u>
Total	<u>\$ 70,500</u>	<u>\$ 327,417</u>

Dudley Street Neighborhood Initiative, Inc.
Notes to Parent-Only Financial Statements - *Continued*
June 30, 2012 with Comparative Totals for 2011

12. *Donated Materials, Facilities, and Services*

For the year ending June 30, 2012, DSNI received donated space for meetings and events valued at \$1,400 and donated consulting fees valued at \$34,275 in support of its programmatic and administrative functions that are reported in the financial statements. DSNI also receives a substantial amount of donated services such as fundraising, clerical assistance and other volunteer efforts that did not require specialized skills. These donations do not meet the criteria for recognition in the financial statements and, accordingly, are not reported.

13. *Concentrations*

Revenue and Support

During 2012 and 2011, DSNI received 42% and 57% of its total revenue and support from one grantor. At June 30, 2012 and 2011, the receivable from one grantor represents 46% and 83%, respectively, of the total grants and contributions receivable balance. In addition, 93% and 100%, respectively, of the conditional promises to give was due from one grantor.

Credit Risk

DSNI maintains cash accounts at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2012 all accounts were fully insured. At June 30, 2011, DSNI's accounts exceeded the FDIC insurance coverage limits by \$35,836. DSNI has not experienced any losses in the accounts. DSNI believes it is not exposed to any significant credit risk on cash balances within those accounts.

14. *Subsequent Events*

DSNI has performed an evaluation of subsequent events through November 30, 2012, which is the date the financial statements were available to be issued.